

August

THE

1918

# NATION'S BUSINESS





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THE  
"ARDEE"  
GRAVITY  
CONVEYOR







**What town will be next?**

**J**UST think back. How often has your newspaper, fresh from the press, cried out the news of another fire and for days after, fed you piecemeal the whole tragic story of death, loss, privation and distress? Fate seems to time these shocks by some weird schedule so that ere one horror dulls in memory, it strikes again.

What town will be next? Who knows? It may be a quiet hamlet, or a busy factory town helping to build America. It may be a great city.

But the day is coming when we shall not consider what town will be the next, because roofs will be fire-safe. Buildings will no longer be topped with tinder, and when that day comes, fire's path will be blocked. You can see this working out in your town.

Up the street there's a cottage shingled with Johns-Manville Asbestos. Through the trees you see a stately mansion, with its beautiful roof of these same shingles in specially blended colors. Here's a garage — over there a great factory with a roof of the same material. All Johns-Manville Asbestos — all roofed for safety.

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133 McCormick Bldg., Chicago



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Raises the Efficiency  
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# ESTES SERVICE

HIGHER EFFICIENCY

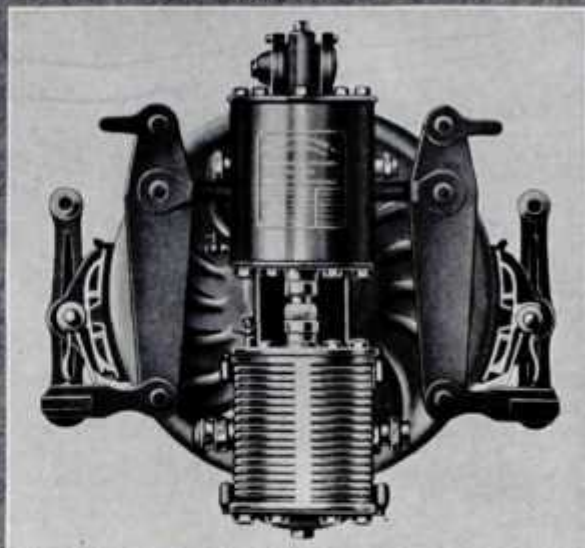


# Convoys of Commerce

—ON SEA



—ON LAND



The Warship to-day convoys our Nation's merchant vessels through dangerous foreign seas and provides a much needed protection against enemy submarines. On land, the Air Brake is the convoy of the Nation's Commerce. Alert and powerful, it supplies protection and safety of movement to thousands of railway trains against the ever-present dangers which menace high-speed and heavy-tonnage train movement.

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Seattle, Wash.  
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St. Paul, Minn.



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A committee appointed by Former British Premier Asquith has issued a report in which it urges limited government control of industry after the war; suggests no importation of goods from countries now hostile; calls for a joint international organization among allied countries to provide for their own trade needs first; and recommends many other measures equally far reaching.

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### THE NATION'S BUSINESS

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MERLE THORPE, Editor



As the official magazine of the National Chamber, this publication carries authoritative notices and articles in regard to the activities of the Chamber, its Board of Directors and Committees. But in all other respects, the Chamber is not responsible for the contents of the articles or for the opinions to which expression is given.

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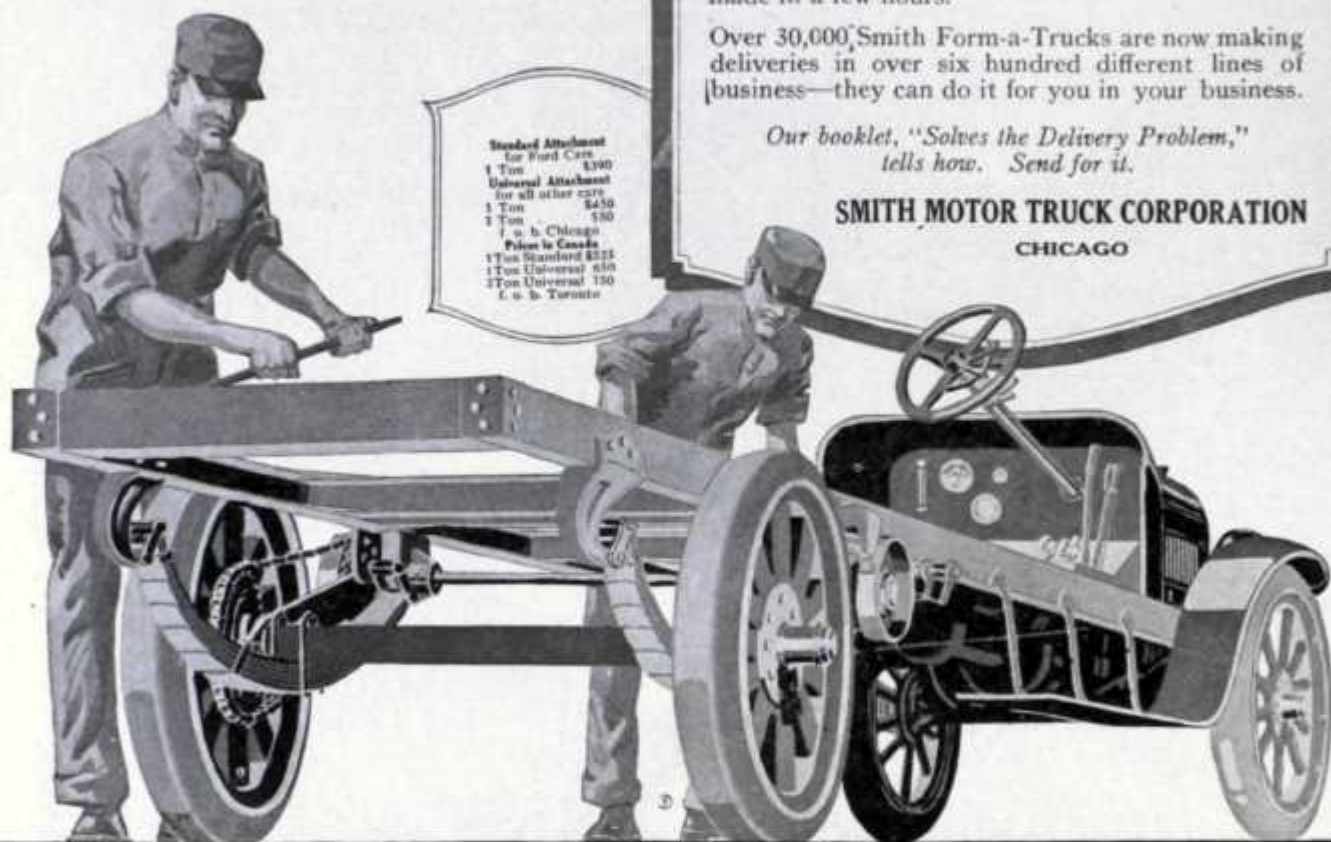
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**Makes a Motor Truck of Any Car**



# The Pathos of Distance

By E. T. MEREDITH

*Member American Mission to Great Britain and France*

**I**N England and France I have seen things which I wish could be burned into the conscience of every business man in the United States. I have seen factories in ruins, office buildings blown to bits, commercial districts, miles in extent, lying deserted and silent, grass growing in the streets like places of the dead—everything that years, perhaps hundreds of years of patient industry had built up and passed on as a heritage from father to son—all vanished.

We in America have known nothing like this. We can know nothing like our Allies, these experiences will be kept from us. That factory of New England, that mine of your neighbor's in Michigan, that farm in Iowa—they are being protected today by the untold sacrifices of the soldiers, the business men, the women of England and France.

Why then should we complain? Why should we protest that our business is ruined? Why should we bewail lessened profits, cavil at high prices, inconveniences, hard conditions? Why should we rage at the disaster that overtakes our business?

*Our business!* Let me tell you something more of what "our business" means in England and France—as I have seen it. I talked with business executives, past their prime, men so old and weary that they would be glad to stop a bit and rest before they die. Yet they carry on. They, like those famed old legionaries of France, "have no time to die." They battle with conditions which in a month, a week, a day, may sweep everything out of existence. I saw a great ship-builder, a fine old Briton at his work—all three of his sons gone. At his side stood the grandfather, now in his eightieth year, doing what he could. I talked to a barber—the sole survivor of four brothers. I was chauffeured by a one-time British capitalist—it was his own car—and one of his legs, a soldier's reward, was made in the United States!


These business men overseas, our Allies, are war weary. The strain is great, the enemy strong. Bitter is their lot. But do they protest? Do they despair? No! Grimly they carry on. Again and again they send their sons to the battle front. Their daughters—they see them rise at six in the morning to search the casualty lists for the name of a brother or sweetheart, then depart for a long day's work in factory, field or office. They themselves—even their nights are not given them for rest. When evening comes they report for special duties. In the British capital thirty thousand of them—bankers, lawyers, lords and lords, the shop-keepers of London, men too old, too crippled, too sick to serve at the front—police the darkened city streets.

I was in London when sons of these men gave their lives to plug up the neck of Zeebrugge Harbor. I felt then, as I know now, that by that heroic deed, they defended not only the Thames and the coast of Kent, but the harbors of Boston, New York, Charleston. Those lads over there stand on guard before our mills, our stores, our homes. Their spirit—their will to win at any cost—is emulated by their business elders at home.

*Our business? Our profits? Our lives?* Good God, will we ever open our eyes to see the truth? Can we ever repay the debt we owe? The time has come for us, the commercial men of this country, to relieve our French and British Allies overseas of their appalling burden. Their soldiers are now our soldiers, as truly as if they wore our uniform; and our boys are theirs. Business over there, too, is fighting the battle that will save us, along with England and France, from destruction. A British or American plant wiped out. A British or American town bombed. Blood bleed also. We are one allied people in this fight. And united we stand—on both sides of the sea!







# If German Airplanes were in the sky

*If German Airplanes were in our sky their first concern would be to bomb our railroads and highways, for they know that to tie up traffic is to paralyze the country's activities.*

Yet our own carelessness is helping to accomplish for Germany what her air-fleet cannot accomplish at present!

For every road that is muddy and full of ruts and bumps and holes is impeding traffic, wearing out horse-flesh, ruining motor vehicles, and effectively slowing up our progress.

## **America Needs Good Roads to Win the War**

Good Roads are necessary to mobilize the crops, to make the farms efficient, to make the back-country produce:

To mobilize the coal and ores, to open mines that have no rail connections:

To mobilize the manufacturers, to keep them connected and supplied, to bring away their mountainous outputs when the railroads are choked:

To mobilize labor, to bring the workers from distant homes to new plants:

To quicken the pulse and speed the communications of a nation that is still only half awake to the war.

England and France have not postponed or neglected road maintenance. Efficient roads mean more to them than ever. A short cut, a flatter grade, a contour that permits speed, a surface that permits heavy loads, count for more today than they ever did!

## **"Good Roads" Today Means "Tarvia Roads"**

Tarvia roads are economical of maintenance and economical of labor. They are mudless, dustless, and durable. Their cost is lower than any other type of highway capable of carrying motor-truck traffic.

The most effective, and in fact the only way, to relieve the present railroad congestion is to use the motor-truck more and more for the short hauls.

*Hundreds of thousands of tons of food, fuel, and munitions can be quickly and economically moved in this way.*

But this cannot be accomplished unless the roads are kept up. Therefore it is the duty of every official and every citizen to see that the arteries of our national life are not neglected.

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If you want better roads and lower taxes, this Department can greatly assist you. Booklet free on request.



# THE NATION'S BUSINESS

A Magazine for

Business Men

VOLUME 6, NUMBER 8

WASHINGTON, AUGUST, 1918

## Putting Our Resources On Tap

Scores of Industries Have Organized War Committees Meeting in Washington To Make Available All Their Strength For War

By HARRY A. WHEELER

President Chamber of Commerce of the United States

A NETWORK of steel cable stretched among the peaks of the Italian Alps helped hold in check the Austrian armies striking at northern Italy. Over these wires, steel webs of communication, are moved food and munitions to advanced Italian units, entrenched above the clouds. But for them the Austrians might long ago have poured down into the plains to the south.

So necessary is the wire cable system that the Italian Government has just called on the United States for steel to extend it. The order will be filled, as is every demand for war materials made by the nations associated with us, and the wire will be rushed across the Atlantic.

The order for wire is an incident, illustrative of the war industrial situation. It is one demand of thousands constantly made on American manufacturing plants and on American resources by our own and foreign governments. But filling this one order out of innumerable requisitions is the daily story of the revolution that war has brought to industry in the United States. It is the story of how the iron hand of war, reaching out a bit farther day by day, touches one after another of the thousands of American industrial establishments, until all are brought within its grasp.

A few days ago a group of representative American manufacturers sat at a table in Washington with half a dozen government officials. They had been called to the Capital by the War Industries Board, through the Chamber of Commerce of the United States. They are consumers of a small amount of steel, and produce a commodity as remote from war making as possibly could be imagined. They make corsets.

"What does the Government want of us?" they had asked. "What is our part in winning the war?" The answer was furnished

by the government. It was steel. The annual requirements of the corset manufacturers was the amount of steel needed for the Italian cables. There is not enough steel to go around. The apportionment is in the hands of the government, and war demands come first.

### Defense Council the Origin

EVERY war order placed robs some American manufacturer of his raw material for commercial uses. Every order takes a part of his transportation and his fuel. It is thus with every industry. "Business as usual" has gone by the board. Industry is undergoing changes, which even the most far-sighted

unit is pledged to join. The first step in this direction has been taken in the creation of industrial War Service Committees, which give a promise of bringing industry together in a manner that has been urged for a generation.

The War Service Committee plan goes back to the beginning of the war. At that time there was no connecting link between government and business. The newly created Council of National Defense called in industrial representatives to form government committees of industry. The arrangement was admittedly defective, but it was the best to be had for the time. The committees rendered invaluable aid. They assisted in purchasing and

in industrial readjustment. Then, their position as representatives of both government and industry became untenable, and the new system of War Service Committees, sponsored by the National Chamber, took their place. Today two hundred and twenty-six War Service Committees are representing industry before the government, and others are in process of formation as the government's requirements are extended or as the determined curtailments of non-war industries develop problems of great complexity in meeting the requirements of the Government without completely undermining the foundations of such industries.

Starting out with the purpose of assisting in procuring war materials for the government, the committees' functions have been enlarged until today their services may be divided into six general groups, as follows:

(1) They speak for industry in the placing of war orders, seeking to arrange a maximum of production of war materials, to prepare accurate cost sheets for the government, to keep safe the foundation under business and to conserve industrial establish-

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THE supreme factor in American business today is the government. Through its power to regulate the distribution of fuel and materials it controls practically all the industrial activity of the country. Through its military and industrial powers it affects all labor. By price-fixing it controls mining and important agricultural operations. By licensing and priorities it controls traffic on both land and sea. It operates railroads, shipyards, munition plants. It owns navy yards, armories, gun factories, powder plants, a security-issuing corporation.

An unprecedented degree of the power of industry has, because of a people's passion for victory, been willingly given up to those in authority over us. Yet business lives. The government desires it to live. The government calls upon it to preserve, to strengthen its own organizations. The government urges it, not only to make its voice heard now, but to take serious counsel regarding the future.

This work has begun. Parliaments of business are gathering daily at Washington. Upon the calendar of their deliberations is written: First, how can we help win the war? Secondly, what is our program, once the day of victory has come?

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leaders never dreamed were in prospect a short year ago.

What leaders in every line are most concerned about is that the industrial structure shall be maintained. Through all the changes, as they come, almost over night, leaders see, as never before, the necessity for the most careful study of conditions. They see the imperative need of closer business organization, for changes involving curtailments and substitutions cannot be made by individual units of an industry, but must be made the program of the whole industry in which every



ments by a proper allocation of contracts.

(2) They aid in the curtailment of the use materials and suggest shortcuts towards substitution, and aid in the simplification of processes and the reductions of the spread of styles, shapes and sizes, which were the outgrowth of peace-time competition. They are making an analytical study of the effect of the required curtailments of material, fuel labor and transportation that competent advice may be given to the government with respect to the irreducible minimum below which industry cannot retain an organization or foundation and would therefore be in danger of being utterly destroyed.

(3) They are working for a proper maintenance of foreign trade in the face of a curtailed production the whole of which would be less than sufficient to supply the normal domestic demand, that American manufacturers may resume over-seas commerce at the end of the war without unnecessary handicaps.

(4) They are studying the labor situation as it affects their respective industries, and are trying to anticipate and provide for the dilution of labor by training women and girls and old men for the tasks once performed by those who have been drafted into the military service or into war industries.

(5) They are studying the question of how plants in whole or in part may be converted so as to aid in war production and thus retain organization that otherwise must be disintegrated.

(6) They are bringing individual industries together into closer organization for the future. Combined, the War Service Committees will constitute the most expert industrial group that ever has been created, competent to advise and execute in the days of readjustment.

Every day is bringing

a fuller knowledge of the advantages of the committees' work to both the government and industry. If the Government needs motor lorries, how can it so well learn what the manufacturers can do as in a conference with representatives of the industry? If the production of pleasure cars is to be cut, who can furnish the positive knowledge of conditions as well as the War Service Committee of the industry, representing small and large manufacturers alike?

So well has the system operated thus far that it is only a step to the time when the system of competitive bidding on war orders will be obsolete. Bidding is made unnecessary when manufacturers are ready to lay their cost sheets on the table before their competitors and let the government fix its own price on their products. And the government is coming to see that orders must be placed with a view to conserving industry as a whole, that the industrial structure must not be torn down.

In seeking to maintain the country's foreign trade, the committees are building for the trade struggle that will start even before the millions of men now under arms are once more at their tasks in office, in factory, and on the farms. The war has opened foreign trade opportunities that must be maintained even at the expense, if necessary, of some domestic commerce. The "trade war after the war" has already started. Organization for war service is giving business the foundation for the kind of cooperative effort that alone can make the United States economically efficient enough to take its place with the nations in world trade.

Preparation for and participation in the military struggle is accomplishing now an organization of business that will outlive the war. One of the most important facts the War Service Committees are called on to bear in mind is that business must be prepared for peace.

Creation of the War Service Committees promises to furnish the basis for a truly national organization of industry whose proportions and opportunities are unlimited. Full advantage must be taken of the Webb Law permitting cooperation in export trade. What furnishes a better groundwork to foster this cooperative association than the committees? Industries torn apart for years by factional differences have been brought together in the committees and are working with one another in closest harmony. Allied industries in some instances for the first time in their history have found a common meeting point. Business quarrels have been forgotten. Competition has been put on a clean and enduring basis.

The integration of business, the expressed aim of the National Chamber, is in sight. War is the stern teacher that is driving home the lesson of cooperative effort.

A concrete case is that of the sash and door industry, in which conflicting units were brought together for the first time a short while ago when their representatives gathered at the offices of the National Chamber in Washington.

One manufacturer expressed the whole thing when he said after the meeting:

"The other fellow is not so bad after all; it is only necessary to know him to find that out. The man we think pursues cutthroat methods is the man we do not know; and he thinks the same thing of us."

#### Trade Jealousy Waste Eliminated

SUSPICION and distrust vanish when men become acquainted and learn that common aspirations and ideals exist. Nothing has made this clearer than the discussions that have preceded the formation of War Service Committees. It has been further emphasized in the meetings of the committees and in their conferences with government officials.

A plan of organization for the War Service Committees was adopted at a War Service Conference last December. Briefly outlined it is:

That where War Service Committees already exist they be requested to ask recognition of the War Committee of the National Chamber and that if organized in conformity with the plan proposed by the War Industries Board that they be certified to that board as truly representative of the industry.

That national trade associations or organizations which have no War Service Committees be asked immediately to name them.

That where there is no national trade association or organization, an organization be formed immediately.

That where it is impracticable to organize a national trade association the War Committee of the National Chamber select a War Service Committee to represent the industry.

That where there is no national organization, but where there are local affiliated trade organizations, the organizations should appoint War Service Committees, or associate themselves with the zone organizations now being developed by the Conversion Division of the War Industries Board.

That committees consist of from five to fifteen members according to the needs and size of the industry.

That the War Service Committees be recognized by the proper government authorities as the point of contact between government and industry.

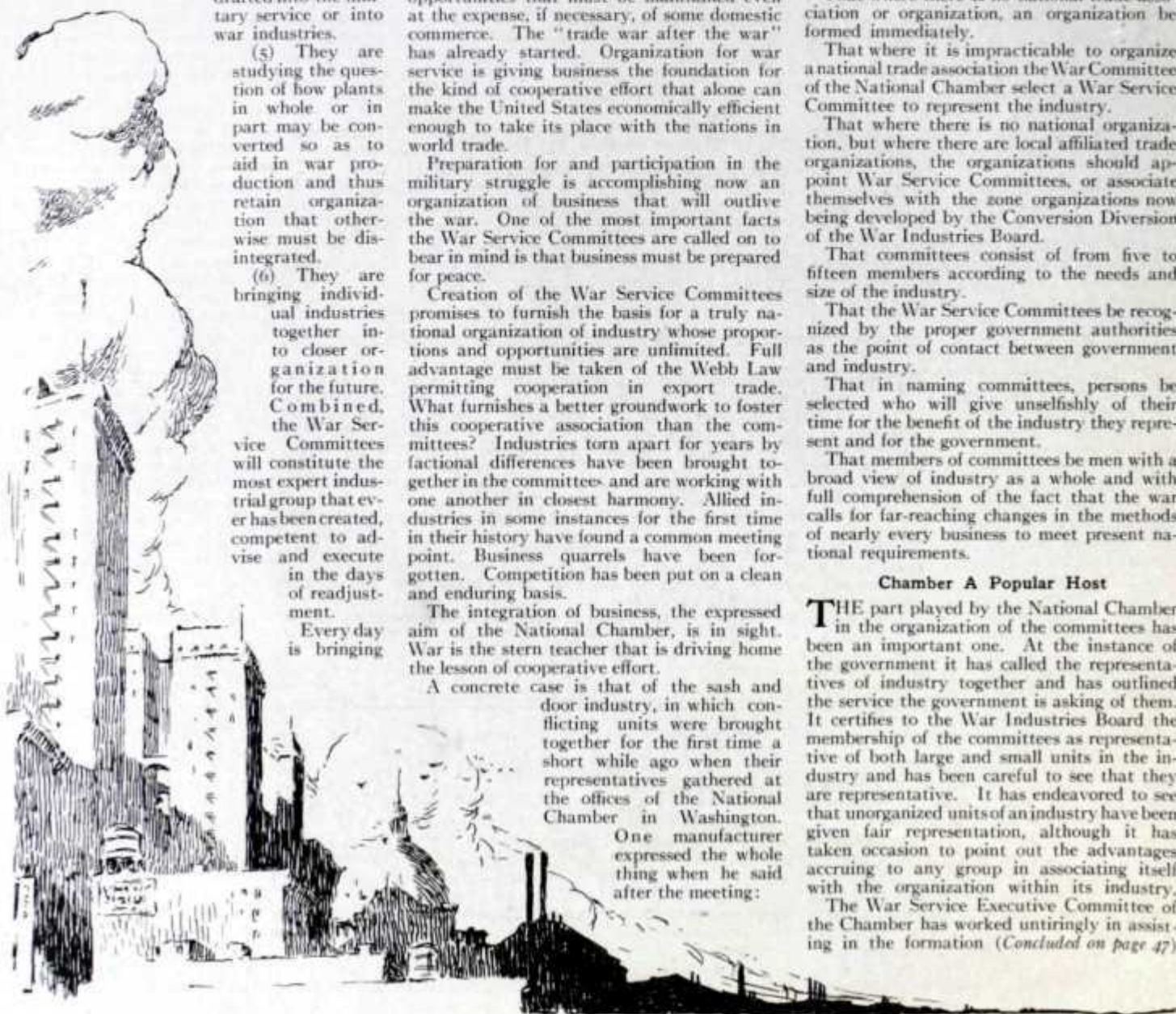
That in naming committees, persons be selected who will give unselfishly of their time for the benefit of the industry they represent and for the government.

That members of committees be men with a broad view of industry as a whole and with full comprehension of the fact that the war calls for far-reaching changes in the methods of nearly every business to meet present national requirements.

#### Chamber A Popular Host

THE part played by the National Chamber in the organization of the committees has been an important one. At the instance of the government it has called the representatives of industry together and has outlined the service the government is asking of them. It certifies to the War Industries Board the membership of the committees as representative of both large and small units in the industry and has been careful to see that they are representative. It has endeavored to see that unorganized units of an industry have been given fair representation, although it has taken occasion to point out the advantages accruing to any group in associating itself with the organization within its industry.

The War Service Executive Committee of the Chamber has worked untiringly in assisting in the formation (Concluded on page 47)





# LADIES OF THE LAKES

**Ships—Half a Million Tons of Them—Built Many a Fathom Above the Lapping of the Tides, Are Slipping by Sections to Salt Water**

By EDWARD HUNGERFORD

WHEN the average well-read resident of the British Isles lifts up his paper some evening this coming autumn and reads that the Great Lakes district of the United States turned out some 420,000 tons of new steel shipping for the cause of liberty in the season of 1914, he is going to lift his eyebrows and then go scurrying to his atlas. The Great Lakes may have made but a vague impression upon his mind. Their name, in itself, was deceptive. "Great" to be sure, but after all, "Lakes." Not "oceans" or even "seas," but "lakes" and yet turning out in a brief seven or eight months a new tonnage comparable to the annual output of Great Britain in the busy years previous to the coming of the Great War.

Here is the atlas and here is the heart of North America, her inland seas; inland seas, Mr. Englishman or Mr. Scotchman or whoever you are, that in a single year have carried a freight traffic equal to one-third of the traffic of all the salt seas in peace times; five freshwater lakes that in seven months of 1917 bore more than 100,000,000 tons of freight and for an average of nearly 1000 miles. Nor is this all. They bore this freight at the lowest charges in the world—and almost entirely because of the superior design of the ships in which they carried it.

## Out to the Sea

FOR the present study your atlas. The Great Lakes—freshwater—are in no sense a part of the salty North Atlantic into which they are forever flowing. Roughly speaking, it is approximately 1200 miles from the nearest point of the Lakes, the mouth of Ontario at Cape Vincent, to the open sea. It is possible even at that that the Lakes might be part and parcel of the traffic of the Atlantic were it not for one thing—the rapid fall of the upper reaches of the St. Lawrence River. There are more than a dozen series of rapids, all but incapable of

practical navigation, and spanned by a corresponding series of short canals into which are set 21 locks, with the minimum size of chamber, 270 feet in length by 45 feet in width and 14 feet in depth.

There is still another barrier, Mr. Britisher, between the four upper Lakes—wherein flows by far the greater part of the huge freight

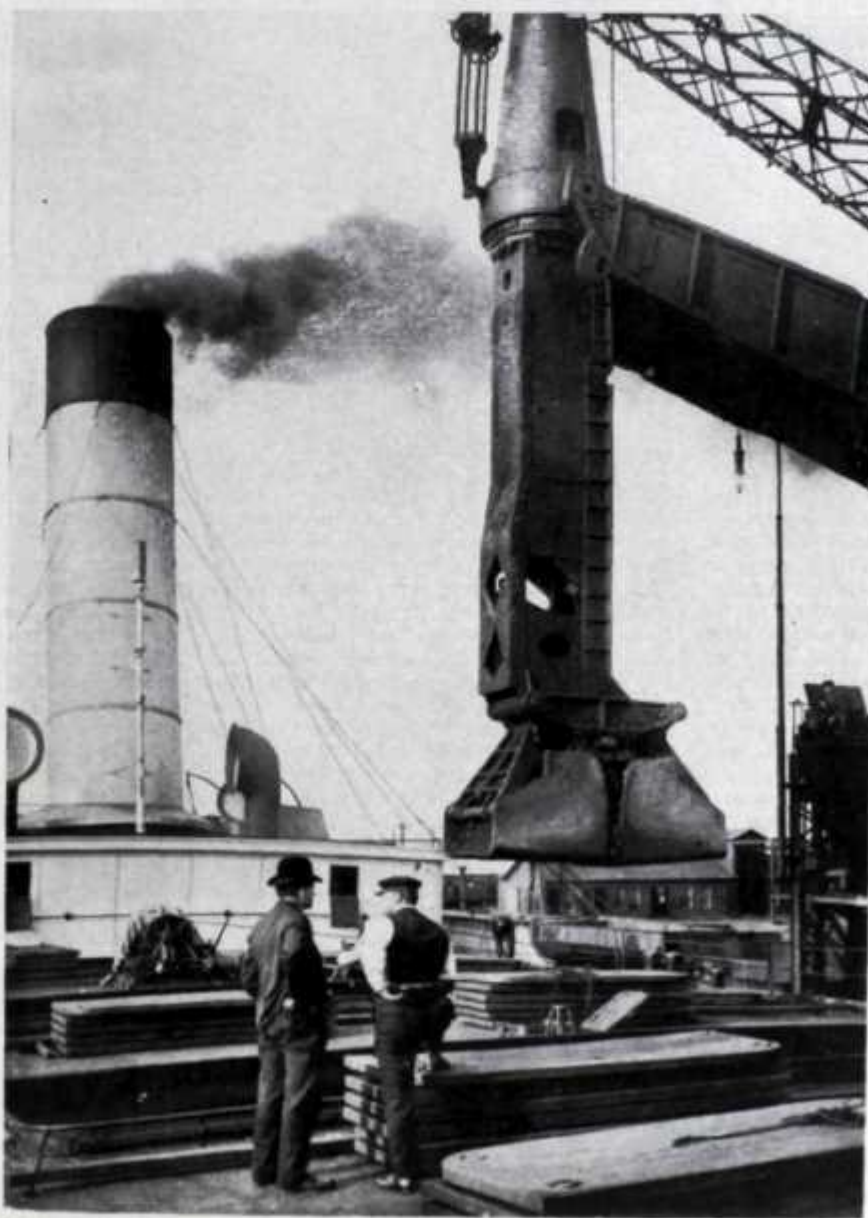
hasn't? The water of the four upper Lakes tumbles down over them—160 feet at one sheer leap—or else is diverted through the power canals at either side to light the streets and run the trolley cars and light manufacturing of Hamilton and Toronto, Buffalo and Rochester and Syracuse, a hundred smaller communities as well. And some of the water

goes through the Welland canal which cuts across a narrow fertile neck of Canada and makes the only navigable link between Lake Erie and Lake Ontario. There are some fourteen or fifteen locks in the Welland. And while great improvements in this historic and extremely important waterway were begun a few years ago, the great drain which the war has made upon the manpower of Canada has rendered it impossible to finish them. The minimum length of the Welland Canal locks remain at 264 feet; the width and depth are the same as those of the canals in the St. Lawrence River.

## Lakes Lead

THIS minimum Welland lock is the absolute and ruling factor with the shipyards of the Great Lakes in constructing craft for use upon the salt sea. It does not take much of a traffic expert to see that vessels to be sent from the Lakes to the ocean must be small enough to pass through these locks chambers. Of shipyards upon the upper Lakes there are a plenty. And no where else are the raw materials more closely at hand. Coal and steel are practically at arm's length—the facilities of great manufacturing cities like Buffalo, Cleveland or Detroit, for making engines, boilers and the like, practically unlimited.

Of a truth, for nearly two decades past the shipyards of the Great Lakes have not only been upon a par with their brethren upon our ocean



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They do nothing by halves on the Lakes—except building ships; and the length of the Welland Canal is responsible for that. It used to take a week to unload an ore boat. Now these great grab buckets unload a 12,000 ton barge in half a day.

traffic—and the sea. You may not have known of that traffic until now, but you certainly have heard of Niagara Falls. Who

coasts, but in some important ways have led. It was the shipbuilders of our inland seas who a score of years ago devised the "whale-back."





Ice! It tries to block the path of our war progress in the lake district. It closes traffic there 143 days in the year. It drives all vessels to their docks. Nor does it stop there. It piles up ton on ton about them until the strongest hull would crush like an egg shell if protective devices were not used. By providing many boats with ice crushers the traffic period has been greatly extended. A few specially constructed boats, such as railroad ferries, can make headway through thick ice that would wreck an ordinary craft.

When the *William E. Corey* steamed up to a dock at the head of Lake Superior hardly more than a decade ago, entirely empty and loaded nearly 10,000 ton of ore in just thirty-nine minutes she made a record that went quickly round the world and made the marine sharps of such supposedly efficient ports as Liverpool and Hamburg and Antwerp sit up and take a great deal of notice. Yet loading was not only the thing. It was about the same time that the *Augustus B. Wolvin*, at the docks at Conneaut discharged her cargo—a vastly more difficult task—9,945 tons in four hours and thirty minutes. Such was the justification of the Great Lakes type of cargo ship, to say nothing of the wonderfully efficient docks and dock machinery at their more important ports.

#### "Return Loads" a Native Habit

THE *Corey* and the *Wolvin* have ceased to be distinctive because of mere size. Of the 600 modern cargo ships upon the Lakes there are at least two—the *William B. Snyder* and the *Col. Schoemaker*, which will carry 14,000 tons of coal or ore and will load in two hours and unload in seven, without the slightest striving to make a record. You understand, perhaps, the method of use of these boats; how they carry coal up the Lakes from the ports along the south shore of Lake Erie that are nearest to the bituminous fields of western Pennsylvania and West Virginia up to the mines and factories and railroad terminals of Lake Superior and return filled with the red ore of the Missaba district of Minnesota which in turn is delivered at the south shore of Lake Erie for use in the great rolling and steel mills of the Cleveland, the Youngstown and the Pittsburgh districts. Here is a perfect traffic balance and, in a word the reason for the abnormally

low freight rates charged. We have seen recently the efforts of the men who are trying to popularize motor freight and express upon the highways to make their service economical as well as efficient by securing "return loads" as against the direction of their greatest normal flow of traffic. The coal and ore trade of the upper Lakes is in almost perfect "return load" balance.

Purposely I have digressed, because I wanted you to understand how it is that the shipbuilders of the Great Lakes are so perfectly competent to design efficient ships of maximum size—even for the salt seas. They are accustomed to work swiftly; ninety days from the laying of the keel to the maiden trip of a 9,000-ton vessel was a record reached several years ago and all but repeated several times since. And to make a good job as well.

The facilities of the several shipyards of the Great Lakes were placed at the service of the country at the very beginning of our entrance in the war. They had been brought already to a high state of efficiency. Not only was the Lake fleet still being increased but the older ships upon our inland seas were being kept in the best of repair. It was almost more than essential that these carriers of fuel and grain and ore be kept at best working condition. Upon their abilities—and their promptness—particularly those of the ore-ships—rested much of the nation's proficiency on the production of munitions.

#### The Needle's Eye

YET the repair job, big as it was, was not exhaustive of the resources of the well-organized yards upon the upper Lakes. And at the time—August 24, 1917—that the United States Shipping Board took formal cognizance of the importance of the Great

Lakes shipyards by organizing them into its Ninth District, there were already under contract in them 102 new ships, of which ninety-eight were destined for ocean service the most of them under the Norwegian flag. Of these ninety-eight ocean-going ships all but two were known to the shipbuilders as "canal size" that is, they were so designed as to pass through the lock-chambers of the Welland and the St. Lawrence canals, which meant that they would not exceed 261 feet in length or 43 feet in beam and some 3500 tons capacity, deadweight. The two which were the exception were considerably larger ships—of approximately 5500 tons each.

"But," you interrupt "the chambers of the locks. I thought they were the governing factors in ships bound from the Great Lakes to the ocean."

#### Here's To Wonder

SO they are. Yet, not many years ago, I remember standing at the Thousand Islands, not many miles from my home, watching a strange sight proceeding down the St. Lawrence. A large freighter had been cut in two amidships—seemingly as if by some huge true-cutting cleaver—and her two halves were proceeding toward the sea, independently and in charge of bustling and perfectly capable tugs. At Montreal the two sections would be placed in a dry-dock, rivetted together and sent down the broad smooth lower river toward the Atlantic, a single and completely united ship.

The experiment was repeated—several times. But never as many times as in the momentous marine year of 1917. The Shipping Board—then under a far more urgent necessity than even today—was scouring the world for available tonnage. It was not blind to the rich resources of the Great Lakes.



And under the direction of Henry Penton, the District Officer there—a man well experienced in inland shipbuilding—as well as through F. A. Eustis, its Special Agent, it not only prepared to send many of the older ships and twenty-seven of the new ones as well, through the Welland and the St. Lawrence before the long hard winter came upon them, but it actually did succeed in getting out all of the promised vessels—old and new—including the two 3500 ton ships, together with the other craft being builded for alien owners—which were requisitioned under the President's proclamation and immediately were placed under the Stars and Stripes.

When the story of that effort is fully written it should rank high among the dramatic annals of American enterprise. The winter of 1917 came early and it was both long and very hard indeed. When the St. Lawrence freezes it freezes tight. I have seen a railroad track laid upon the ice from Ogdensburg to Prescott and freight cars drawn, three or four at a time, across between the United States and Canada. Yet despite the coming of the early winter, the Shipping Board succeeded in getting out twenty-one old ships and twenty-seven new ones. And of all these, eighteen to be cut in half, towed separately through the Welland Canal, Lake Ontario and the upper St. Lawrence and its canals to Montreal or to Quebec, there to be joined together and sent down the lower river to the sea.

#### "Dry Dock" Goes To Ship

THE Shipping Board did not come on the job until August 24. It was September 14 before it actually succeeded in requisitioning the ships. Autumn was at hand and winter not so far off. Seven of the sixteen older ships were to be cut at Cleveland, the remainder at Buffalo. They began arriving at each of these ports on September 19. It was well past the middle of November before the last of them had been sawed apart and was ready for the difficult journey toward salt water, in charge of Captain Philip Broderick, of the Great Lakes towing company. There were thirty-six pieces and it was necessary in the narrow channels to use two tugs upon each piece. On the open lakes it sometimes was possible to make the pieces up into tows; and upon occasion the engines in the stern pieces were made to help accelerate progress.

Despite the lateness of the start and the early coming of the winter, all thirty-six pieces were brought in safety to Montreal—with a single exception. The stern of one of the older ships broke away from the steamer which was towing it and sank, near shore. It was only a matter of comparatively slight delay however, to raise it and bring it to its companion at Montreal.

There was the real crux of the problem. For despite the great development of Montreal Harbor within the past decade its drydock facilities have been sorely taxed ever since the beginning of the war. The sawed ships began arriving in the middle of October and kept coming until about the time of our Thanksgiving day—the time when that harbor is ice-sealed and formally closed for the year. It was quite out of the question for the drydocks of Montreal or of Quebec, 160 miles further down the stream, to handle the rejoining of eighteen ships within six or eight weeks. Moreover the Canadians have huge shipping problems of their own to meet with depleted man power and other resources.

Yankee ingenuity asked little of our

Canadian brethren except a friendly co-operation and this it generously received—and more. An American emergency shipbuilding plant was transported hurriedly to Montreal and there set up—under the direction of John B. Smith. At the height of the rejoining work as many as 300 men were employed and—put down a large credit mark for Yankee ingenuity if you please—the use of drydocks dispensed with. A great plate collar or saddle had been placed about the ship at the cutting point at the time of her cutting. This saddle was attached to the forward section. When the time came for rejoining the ship, by a delicate but sure manipulation of tow-lines and water-ballast the after section was made to fit quickly and easily into the saddle which was then rivetted fast and solid for all time. Thus simplified the joining job became a matter of hours rather than days.

The first two or three ships to get out had little trouble. After that the fearful winter of the north descended upon the river and the real fight began. Two of the ships turned back, their captains swearing that they were done with seafaring life—forever. Other captains were secured and the fleet went out together—in good order. Some of its vessels took a long time to reach the Nova Scotia ports but they all reached it finally, safe and sound though winter pressed. The final vessel was a stout sea-going tug which left Quebec just before Christmas. It slipped into a New England port late in January, ice covered and battered, yet none the worse for real wear. The captain met the customs officers and allowed that he had "had a fairly brisk trip." He was Captain Robert Bartlett of Arctic expedition fame.

The steel program for the shipyards of the Great Lakes during the present year provides for the construction of about 120 cargo ships—fifty of them under the standardized designs of the Emergency Fleet Corporation—between May 1 and December 1. This is at the rate of two ships every three days. At the time this is being written—the middle of June—forty of the new ships have been completed and delivered which is rather better than schedule. Sixty per cent of all the launchings in the month of May were in the shipyards of the Great Lakes.

#### Uncle Boreas is Defeated

YET launching parties upon the Lakes are by no means confined to as pleasant and as blithesome a month as May. Construction went forward through the hard winter months at each of the big yards and in order to clear the launchways and make room for the laying of new keels and the upbuilding of new hulls, vessels were put into the water in the dead of the Northern winter; a huge

opening laboriously cut in the thick ice of Superior or of Erie while the thermometer toyed with zero.

There are thirteen steel shipyards in the district, controlled by seven companies and equipped for laying down sixty-four ships simultaneously. If conditions governing the purchase and transportation of raw materials were normal these yards could turn out 200 steel cargo vessels a season of the maximum canal size—supposedly 3500 tons, although by a recent touch of design it has been possible to increase the tonnage to 4200 without passing the maximum dimensions and necessitating the cutting of the craft. Still 120 as a single season's production is not to be sneezed at; in addition to which some eleven more of the slightly older lake craft will be fitted with engine necessities for saltwater operation and sent through the Canadian canals to the sea. And one of these will be a ship of more than 8,000 tons burthen, a ship, if you please, of some 500 feet in length and 50 feet in width.

"Hold on," you interrupt again. "Those canal lock dimensions, I can understand how you can get a boat longer than 264 feet through them by the cutting process but the width? How in blazes can you cut a boat that's fifty feet wide so as to put her through a lock that's only 45 feet in width?"

#### War's Wizardry

WHAT were we saying about Yankee ingenuity a moment ago? To bring a 9,000 ton ship through the Welland and the St. Lawrence canals is an engineering problem vastly more difficult than that of merely cutting ship into halves and floating each half separately through the locks to tidewater. And yet, after all, it is but an engineering problem—such as American engineers delight in solving. This one they have solved. H. N. Harriman, Chairman of the Engineering Committee of the Great Lakes district and a naval architect of large reputation, together with his associates Albert Cross, of the American Shipbuilding Company and John Webster of the Great Lakes Engineering Corporation—the two largest shipbuilding concerns upon the Lakes,—with the assistance of F. A. Eustis, have solved it.

They proposed first to cut their ship into two sections—each a little less than the maximum length dimension of the lock chambers. Upon the deck of each will then be placed great flat pontoons, which can be flooded or emptied, as the necessity may arise. The upperworks of the ship will be removed, at the time funnel, spars, bridge and even the upper tier of cabins. This done, the pontoons will be slowly flooded, with the inevitable effect of turning the vessel upon her side.

When she is completely "upon beam ends" with her keel raised high out of the water her two halves will be floated in that undignified fashion all the way to Montreal, where by manipulation of the pontoons the ship will be slowly righted, at the same time that the rivetters—completely out of water—will be fastening her together again. The pontoons will then be manipulated so as to turn her over upon her other side so that the rivetters—still out of water—can complete their job and there will be no necessity whatsoever of employing either dry docks or divers—both of them highly expensive.

But the height and the depth of the ship you demand, what of them? Will they not exceed the width of the lock chambers?

(Concluded on page 42)





# BUSINESS DIVIDES THE COST

ON June 5 the Secretary of the Treasury estimated that in the fiscal year which begins with July, 1918, and ends on June 30, 1919, our expenditures will aggregate \$24,000,000,000. Even if loans to the Allies constitute \$6,000,000,000 of this sum, it seems imperative that we should raise by taxation as much of the total as is possible without crippling the productive power of the country. The best possible scheme of taxation should be adopted in the hope it will yield \$8,000,000,000.

## Approximate Amount to Be Raised By Taxation

If it produces more, the burdens of taxation in the period that follows the war will be proportionately lessened; for it is important, in considering present taxation, to remember that the heavier the taxes which are now imposed the more rapidly can taxation be decreased after the war and the more advantageous the position of our country will be in that period of keen international commercial competition when countries then bearing heavy burdens of taxation will be correspondingly handicapped.

## Post-War Period Taxes

The excess-profits tax has proved very fruitful in revenue, but is said to fail to reach adequately large profits directly due to the war. It probably is an efficient means of taxation for four-fifths of our corporations, but is not so adequate as to the remainder. For this reason, it is proposed to enact a war-profits tax with exemption of a fair return as earned on capital or turnover, of sufficient spread as a fair and equitable basis, but with a very high percentage of the excess turned over to the government in taxes. This tax would not be additional to the existing excess-profits tax, but in each case one or the other would apply accordingly as the result in taxes would be the greater.

## Adequacy of Present Law

Justice requires extreme care in the determination of normal earnings. This is a matter of extreme difficulty to determine. In Great Britain the three years preceding the war are taken as a basis, with modifications to meet special circumstances both of industries and particular concerns. This can only be done by lodging power with the administrative authority to make necessary adjustments. For example, if the earnings in pre-war years happen to be abnormally low, justice might be served if the normal percentage of profit on the turnover in that line of business were taken as a basis for the determination of normal profits. Other methods should also be available. Assuming that sufficient latitude in the methods of administering the law is granted to warrant the expectation of a fair degree of equity in the determination of normal profits, we believe the tax rate can be made very high,

## Solution of Problems

ever it exceeds the excess-profits tax. As has already been pointed out, the present excess-profits tax is probably an efficient instrument of taxation for four-fifths of the corporations which it affects. In application there are inequalities,—for instance, among individuals, co-partnerships, and corporations. Under these circumstances, and as a part of a plan to obtain greater revenues, we suggest the desirability of maintaining the general basis of the present excess-profits tax but with in-

# Sparing Itself Least, It Consults Its Own Ledgers and Frames a Plan For Financing the War that Should Distribute the Burden Equitably—A Document For Statesmen

In considering the question of a war-profits tax at a high flat rate, like the 80% in force in England, many factors must be borne in mind. England in its pre-war years had a world business, with a result that a depression in the United States or any other country was usually equalized by prosperity elsewhere. Earnings were, therefore, more stable and uniform than in the United States. The English law allows for a rebate for losses both during and after the war, whereas no such plan is as yet in force here. England gives considerable leeway to a Board of Referees, thus making possible, by way of example, an exemption of 22½% for mining chrome ore in New Caledonia and an extra one per cent for electric supply in London.

## British Conditions

Differences in our situation lead us to believe that some provision for a more liberal exemption than that of England should be made, or a lower flat rate levied, and that a better provision than now exists for rectifying inequalities in the application of our taxes should be found. Many profits will be merely paper profits and if a large percentage is paid in cash in taxes, without proper provisions such as we have mentioned, it might in many cases take from a business more than it actually earns, especially in view of the inevitable losses to be incurred after the close of the war.

## Our Situation

Under proper exemptions and provisions as stated above we suggest that a war-profits tax at a high rate be levied on taxpayer when-

creased rates, perhaps as high as 80% instead of the present 60%.

Secretary McAdoo in his letter of June 5, addressed to Mr. Kitchin, said, "The existing excess-profits tax does not always reach war profits," and he gave as one of the reasons that "a company with a swollen capital and huge profits escapes." A suggested remedy to prevent such corporations escaping this excess-profits tax would be that proper authorities be allowed to reduce their capitalization to an amount which will make either capital bear the same ratio to sales or turnover as is borne by the average capital of concerns in similar lines of business. Conversely, if a corporation or partnership before the war was unduly conservative in writing off plant or other assets, such a concern should be allowed to increase its capital under proper showing before the administrative authority, the burden of proof being on the business institution.

## Readjustment of Capital

Such arrangements as we have suggested would inaugurate equalization of federal taxes. This would be very decidedly to the advantage of small taxpayers, who cannot afford the expense of obtaining expert advice and who now in many cases pay taxes which are not required of them by law. At present a taxpayer who does not appeal expressly to the Commissioner of Internal Revenue does not obtain the advantage of decisions made on the appeals of other taxpayers who raise the questions which are involved in his own return.

Because of the extent of the country and the inability of many taxpayers to come to Washington, we renew the suggestion made by the Committee last year, that there should be subsidiary boards to review appeals from preliminary assessments, and that these boards should report their findings to the Secretary of the Treasury. That appeals on trivial grounds may be prevented, costs might be at the expense of petitioners. These boards need not be numerous; they might be appointed for three or four large districts, such as the West the Middle West, the Northeast, and the South. They should be appointed by the administrative authority.

As part of the plan of new taxation, the present rates of the income of individuals, partnerships and corporations should be greatly increased. In the first place, this increase should be applied to the normal income tax. In the interest of justice, also, unearned incomes should be taxed at least as much as earned incomes, and the reverse situation which now exists in the present law should be corrected.

It also appears that our super-taxes on personal incomes in the range between \$2500

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**M**R. McADOO says we shall need twenty-four billion dollars for the present fiscal year. The chief issues involved are clearly set forth in a report which was made last month to the Board of Directors of the United States Chamber of Commerce by the Chamber's Committee on Financing War. This Committee is made up as follows:

John V. Farwell, Chairman, John V. Farwell Co., Chicago.  
Edward A. Filene, William Filene's Sons, Boston.  
P. W. Goebel, Pres. Com. Nat'l. Bank, Kansas City, Kan.  
Prof. John H. Gray, War Department, New York.  
E. D. Hulbert, V.-P. Mchts. Loan and Trust Co., Chicago.  
Stoddard Jess, President, First Nat'l. Bank, Los Angeles.  
Hugh McK. Landon, Indianapolis, Ind.  
R. F. Maddox, American Nat'l. Bank, Atlanta.  
Dr. O. M. W. Sprague, Prof. of Economics, Harvard.  
J. K. Orr, J. K. Orr Shoe Company, Atlanta.  
John T. Scott, President, First Nat'l. Bank, Houston.  
J. Lawrence McLaughlin, University of Chicago.

ever it exceeds the excess-profits tax.

As has already been pointed out, the present excess-profits tax is probably an efficient instrument of taxation for four-fifths of the corporations which it affects.

In application there are inequalities,—for instance, among individuals, co-partnerships, and corporations. Under these circumstances, and as a part of a plan to obtain greater revenues, we suggest the desirability of maintaining the general basis of the present excess-profits tax but with in-

## Present Inequalities





Somewhere in the picture is a rock-solid old firm, founded by a God-fearing, oat-eating old Scotchman back in '59, owned now by his sons; capitalized at \$100,000, not a drop of water in it—all Scotch. Next door behold a wild-cat affair, mostly water, and capitalized at \$600,000. Now how are you going to manage an equitable tax for those two, multiplied by thousands, all over U.S.A.? Have patience with Hon. Congressman, Gentle Reader; he is sitting up nights doing his best.

and \$500,000 do not make our income tax at all comparable to the present British tax.

The main reliance for new revenue should, therefore, be placed on the income tax, a tax on the excess of profits over the present exemption, and finally on a drastic tax upon all war profits above a certain return sufficient to permit a business to be carried on with safety.

In the interest of simplicity and fairness, we would suggest that two additional deductions should be allowed in ascertaining the net income of corporations. All businesses should be allowed a full deduction for interest paid, instead of the limited figure permitted to corporations under the present law. The method of determining the amount is now somewhat complicated, with a result that is unfair to corporations which have a comparatively small capital and which borrow largely during the course of a year, practically paying off this indebtedness at the end of their fiscal year.

A deduction should be allowed for all direct gifts to regularly organized charities as provided in the case of individuals with, however, a limitation of, say 3% of their net income. This small allowance would probably not be more than enough to take care of the amounts given to those so-called charities, like the Red Cross and others, which have proved to be vital factors in helping to win the war.

For the purpose of enforcing reduction in unessential consumption which economy is by all students of war finance deemed of vital importance, taxes on certain articles of general consumption, and taxes on a variety of articles of luxury, are proposed. There is a three-fold purpose in these taxes. The first obvious purpose is to secure revenue. The second is that taxes will result in less waste, in including a more economical use of commodities thus taxed, and resulting in a greater margin of earnings over expenditures, which savings can be invested in Liberty Bonds. The third purpose is to reduce demand for articles thus taxed, so that materials, equipment and labor which would otherwise be employed to produce these commodities will naturally turn toward more essential employment.

Taxes upon consumption may be levied upon articles in general use, luxuries, and a class of luxuries which we may call extravagance in war time.

If the war is financed inadequately by direct savings, the burden will fall upon the mass of people through advancing prices. Heavy taxes on a few commodities of widespread consumption are preferable to a large number of light taxes upon commodities in general. The light taxes may be made the occasion for such an increase in price by dealers as would exceed the tax. Heavy taxes can hardly be thus treated. Proper subjects for taxes under this heading, we would suggest, might include such as the following (with rates that might be desirable, together with the British rates):

Tea 20 cents a pound, English rate 25 cents; coffee and substitutes 8 cents a pound, English rate 10 cents; tobacco 50 cents a pound, English rate now 77 cents; beer \$10 a barrel,

### Purposes

English rate \$12.50; soft drinks; matches; salt. A moderate tax upon the use of gasoline would be entirely reasonable.

Luxury taxes are designed in part to yield revenue, but quite as much, in the present circumstances, to diminish their production and so set free labor and materials for war uses. There are two classes of luxuries, those which are luxuries from their nature and those which are now luxuries at certain prices. To this latter class we shall refer as war extravagances.

If the selected list is sufficiently representative, the high rates will probably have virtually the same effect upon the consumption of luxuries in the long run as the lighter taxes upon the great number. Obviously, collection is simplified if a small number is taken. The Committee is inclined, therefore, to favor a 20% tax to be collected, if practicable, from the retail purchaser at the time of sale.

Greater difficulty is encountered in the taxation of articles the more expensive qualities of which are now obviously luxuries. Thus, it may be conceded that men's suits at \$80 are war extravagances. Very careful consideration would be needed by the appropriate Congressional committees to determine the prices at which the extravagance taxes would apply, and it might be desirable, since we are living in a period of rapidly advancing prices, to grant authority to the officials of the Treasury Department to make changes from time to time.

The imposition of a heavy tax on war profits makes the

(Continued on page 44)

### Luxuries Per Se

Heavy Rate

Difficulties



# Government Control: The First Mile-Post

As to the Ultimate Fate of the Railroads—Opinions Differ;  
Here Is What Is Being Done Now

By RICHARD WATERMAN

THE government has laid its hands upon the rails of the country; swiftly, silently, the vast administrative machinery of the second largest industry of the United States is changing its form; the tasks, the salaries, the very lives of hundreds of thousands of railroad men are being seriously affected; questions without number rise to the lips of every observer, questions, many of which no one can now answer, so novel and unprecedented is the situation which this war emergency has called into being.

Miracle—or catastrophe? Success—or failure? The great enigma! The railroads in their historic, peace-time structure were found inadequate as an industrial weapon of war. Came the government fiat. Two million railroad employees were affected. A historic evolution was interrupted: "thou shalt not" over night became "thou shalt"; laws higher than those on the statute books were invoked—and the impossible was done.

Done it was, too, with hearty good will. It is a war measure. The fighting spirit of the American people has furnished the magic power for carrying it out. Now have they to wonder at and examine what they have done.

## Bouquets and a Brickbat

NO subject regarding the railroads is more interesting these days than the question as to whether or not they will remain under the control of the government after the war; and there is no subject which one would be less warranted in attempting to answer at the present time. This article makes no effort to attempt an answer. It purports mainly to give a brief account of what the government administration of the railroads has so far achieved. Many excellent things have been done. The government's position has been strategically favorable for getting some notable immediate results. Later it may encounter embarrassments.

Opinions differ widely, both as to the desirability of government ownership and the probability of it. Railroad men speculate differently. Expert opinions are by no means identical though they are interesting.

Consider the report submitted to Director General McAdoo by his Eastern Regional Director, A. H. Smith. The date is May 29, 1918. These words, mind you, come from one of the most experienced railroad executives in the country, a man, who, previous to January 1, 1918, was president of the New York Central Lines. Says Mr. Smith, in part:

"It is my only purpose to show that the chaotic conditions into which the railroads in this territory got during the severe winter months have been straightened out with promptness. The recovery enables me to report to you an almost normal situation in the movement of traffic. The railroads in this

territory are now in such order as to make possible the movement of considerable additional tonnage, if offered. At present there is no shortage of closed cars. Close cooperation has been established with the Food and Fuel Administrations, War and Navy Departments, Shipping Board, and other governmental departments and agencies, resulting in the prompt and preferred movement of government and allied consignments to facilitate prosecution of the war. The overseas tonnage of United States Government freight is increasing by leaps and bounds, due to the heavy troop movement, and, with the mutually cooperative measures being taken by the War Department for its regulation, is moving without interruption and on an entirely satis-

THE shipper of Terre Haute, like thousands of other shippers throughout the country, wants to know how the new management of the railroads will affect his business. The industrial life of the country is being greatly affected by this tremendous experiment in transportation management. Property worth \$18,000,000,000, two hundred and sixty thousand miles of rails, nearly two million employees—all pooled in the greatest railroad merger the world has known. Innumerable are the issues involved.

factory basis. The outlook is favorable for transportation service."

An excellent beginning! But wait! Already other voices, less exultant voices, have been heard. A certain transportation journal delivers a few pointed remarks about General Order No. 28, which announced the general rate advance of twenty-five per cent. It says:

"Although the Railroad Administration has asserted that no more changes will be made before the effective date, that declaration, it is thought, is not to be taken too seriously.

"Changes in the order, by means of interpretations began being made on June 7, less than a week after Luther M. Walter announced that no changes would be made. The Railroad Administration lacks a scheme for publicity, such as will afford the paying public an idea as to what is being done to its pocket-book. Writing laws at the top of high walls was no more secretive than the way the Railroad Administration has for dealing with its supposed master, the American public."

## One on the Government

AMAZING inequalities will be gradually disclosed, as soon as shippers begin filing their formal complaints with the Interstate Commerce Commission.

"Reports have come from shippers that the railroad men who are in charge of affairs have become alarmed over declarations made to them that certain individual shippers will be put out of business by the increases. For instance, an eleven hundred per cent increase in the rates of 'lug' boxes in California, used in carrying fruit to canneries, it is believed, will not remain in effect.

"Up to the time this rate increase was heard of, it was supposed that the seven hun-

dred per cent increase in rates on cotton from Lynchburg, S. C., to Columbia, South Carolina, was the prize change."

From all of which one may infer that Mr. McAdoo has no swivel chair commission. A new system is now in the making. We have been forced, by the pressure of war, to try out transportation ideas that many railroad men have long wished might be tested. Formerly, federal and state regulation prevented cooperation. "Ye must compete though ye die from it." That was the law of the political prophets. Now, federal control forbids competition and enjoins a wholesale combine. Even governments can learn!

The owners of the railroads are protected from the losses which combination under the old

system might have caused. Shippers are able to send more freight than ever; rapidly they are learning that good service is an even more important consideration than low rates. Another thing the Government has learned through practical experience: the railroads were right when they insisted that rates must be increased to a point that

will enable the roads to provide good service.

## Mr. McAdoo Nails Up Decrees

DIRECTOR General McAdoo has set forth quite clearly what he is trying to accomplish. Here is his formal statement, in part:

The policy of the United States Railroad Administration has been formed and shaped by a desire to accomplish the following purposes, which are named in what I conceive to be the order of their importance:

"First, the winning of the war, which includes the prompt movement of the men and material that the Government requires.

"Second, the service of the public. This implies the maintenance and improvement of the railroad properties so that adequate railroad facilities will be provided at the lowest cost.

"Third, the promotion of a spirit of sympathy and a better understanding as between the administration and the employees of the railways.

"Fourth, the application of sound economies, including:

"The elimination of superfluous expenditures,

"The payment of a fair and living wage for services rendered, and a just and prompt compensation for injuries received,

"The purchase of material and equipment at the lowest prices consistent with a reasonable but not excessive profit to the producer,

"The adoption of standardized equipment and the introduction of improved devices that will save life and labor,

"The routing of freight and passenger traffic with due regard to the fact that a straight line is the shortest distance between two points.



"The intensive employment of all equipment and a careful record and scientific study of the facts obtained with a view to determining the comparative efficiency secured."

"The development of this policy will of course require time. The task to which the Railroad Administration has addressed itself is an immense one. It is as yet too early to judge of the results obtained, but I believe that great progress has been made toward the goal of our ideal."

Study this declaration sympathetically. It furnishes a key to many of the measures taken by the new administration. It throws light not only on the wise things that have been done, but on much that seems to some critics to be sheer blundering—caused, doubtless, by the magnitude and complexity of the new traffic problems.

As to what the Government has actually done with the railroads since it assumed control—let us take a glance at that.

#### The Beginning of the Story

THE first step taken by the Government was to place the operation of all of the larger railroads and many of the short lines—under the direction of a single head. President Wilson appointed William G. McAdoo Director General of Railroads, with full authority over the financial, operating and traffic activities of the roads. The Director General in turn appointed some of the most experienced railroad executives in the country

as his lieutenants, requiring them to resign from all other railroad connections and become government officials for the period of the war. He established an organization similar to that of any of our larger railroads systems with department heads at the central office, a regional director in charge of each important geographical division, and a federal manager as the chief operating official of each individual road.

In the first place, it was necessary to determine what compensation would be paid to the owners of the roads. The Railroad Control Bill, which became a law on March 21, 1918, provided that each carrier "shall receive as just compensation an annual sum not exceeding its average annual railway operating income for the three years ended June 30, 1917." It also stipulated that the agreement made with each road "shall contain adequate and appropriate provisions for the maintenance, repair, renewals and depreciation of the property" and for the return of the property to each carrier "in substantially as good repair, and in substantially as complete equipment as it was in at the beginning of federal control."

The negotiations between the Government and the carriers to determine the form of the contract and the amount of the compensation are now nearly completed. None of the contracts has been signed as yet, but it is expected that within a reasonable length of time negotiations will be concluded on a

basis satisfactory to both the Government and the owners. The total rental will probably amount to nearly \$1,000,000,000 a year.

Additional equipment—there was another important task. Early in February the Director General wrote to each railroad asking for a definite report on the estimated cost of facilities needed. He received estimates aggregating more than \$1,350,000,000. These estimates he referred to the Division of Capital Expenditures. They reviewed the requests, eliminated those that were not needed for the winning of the war, and advised the Director General to authorize improvements and additions that will cost nearly \$1,000,000,000. This he did.

#### Important Budget Items

IN August the Administration will again ask the railroads to report their needs and will again prepare a new budget, including additional capital expenditures to be authorized on January 1, 1918.

In the list of capital expenditures already authorized, there is one item of \$440,000,000 for new equipment, including cars and locomotives. The railroads of the country have usually added about 175,000 freight cars to their equipment every year—100,000 cars to replace those worn out during the previous year and 75,000 additional cars to enable them to take care of the increase in traffic. In 1917, however, they were able to order only about 80,000 cars. Their average order for



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They draw the argosies of the modern world. Stigmatized because of their rapacious appetites, banned from cities because of their raucous voices and untidy habits, warned against as a public danger by sign-posts at thousands of cross-roads throughout the land—yet we continue to build them at the rate of over seven a day. As yet no motive giant has arisen which dares dispute their sovereignty of the civilized highways of the earth. In war—victory rests upon their numbers. Battleplanes hunting through the perilous reaches of the air—the enemy's locomotives are the richest mark. An artist who loves them has found them of an early morning in this yard, leashed, smoking with the energy which will soon speed them on their journeys in pursuit of the sun.



locomotives has been about 2800 each year and in 1917 was almost up to the average. It will of course be difficult for the Administration to equal this record because of the shortage of steel, lumber and labor and because of the large number of cars and locomotives that must be built for foreign service. The Administration has, however, ordered 95,000 cars and 1,300 locomotives, and has announced that more will be ordered in the fall.

The orders have been distributed among the locomotive and car building companies, in accordance with a definite plan, and the companies have been assured that they can obtain the steel, lumber and other raw materials needed. When these cars and locomotives are received, each road will be permitted to buy its proportion of the entire number, or to rent them from the Government at an agreed price.

As for current expenses: these have also been brought under a centralized system of control. Wages have been revised by the Director General on the advice of the Railroad Wage Commission which he appointed early in January. Expenditures for materials and supplies are supervised by a Central Purchasing Committee.

The Wage Commission in its report submitted early in May, recommended that the Director General increase the wages of all railroad employees in accordance with a carefully worked out plan that would, if put into effect, add nearly \$300,000,000 to the wage bill.

Immediately certain classes of railroad employees protested that they were entitled to a larger increase than that recommended. In issuing his final order, the Director General added nearly \$40,000,000 to the total sum allowed. At the same time he appointed a new Board to advise him in regard to all matters affecting railroad wages.

The actual purchase of equipment and the purchase of material and supplies has been studied by the Railroad Administration in an equally comprehensive way. The Central Purchasing Committee, assisted by regional committees in each geographical district, has collected a large amount of information in regard to the specifications used and the prices paid by each railroad in the past and has made a serious effort to standardize and consolidate purchases. Under the guidance of this committee each road is authorized to purchase necessary material and supplies and prices have been to some extent standardized in accordance with terms agreed upon between the Central Purchasing Committee and the railway supplies companies.

It is estimated that the increase in the cost of living for the railroads during the last year is about \$850,000,000. Of this \$350,000,000 must be added to the wage bill and \$500,000,000 represents the additional cost of materials and supplies. In order to provide for this increase, the Director General issued an order

adding about twenty-five per cent to all railroad freight rates and passenger fares. It is believed that the new rates will result in an increase of at least \$850,000,000 in the revenues. The Director General has assured passengers and shippers that if the revenue greatly exceeds the sum needed to pay the increase in current expense he will reduce rates when that fact becomes evident.

#### Changes Public Will Feel

SHIPPERS are rapidly learning that the question of rates, important as it is, is now secondary to the question of service. The demands made upon the railroads by Government departments, by war industries and by commercial shippers are greatly in excess of the capacity of the roads. The Railroad Administration has therefore established a preferential system defining the order in which demands for transportation from each of the three classes shall be considered. War needs come first, then war industries, and finally commercial shippers.

Under competitive conditions each railroad maintained a large staff in its traffic department to solicit freight and passenger business. Under government operation this is no longer necessary. In many of the larger cities the freight offices of various lines have been consolidated, and city passenger offices, likewise, have been united in one central location.

A committee of experienced traffic men has been appointed to study the currents of railroad traffic and to determine what plan will enable the Administration to use present transportation facilities to the best advantage. Wherever possible, shipments are now sent to their destination usually by Mr. McAdoo's "straight" (Concluded on page 44)



## "BUSINESS" THROUGH POLITICAL SPECS—NOW

FEW are the men who know what is happening when it is happening. Occasionally our mail brings us one of the happy exceptions. One such comes from Colonel W. G. Sterett, delegate of the Chamber of Commerce and Manufacturers of Dallas, Texas, to the Chicago Convention this spring. Colonel Sterett is a newspaper man. During the sessions at Chicago he detected a significant change in the attitude of "politicians" towards "business" and so reported to the Dallas Chamber. Here is the substance of what he discovered.

#### What A Business Man Is—Not

I had the opportunity at the Sixth Annual Meeting of the Chamber of Commerce of the United States, to look rather closely into the character of our business men and to sound the depths of their patriotism. The "business man," the man engaged in commerce or manufacturing, I really never had known. Being a newspaper worker, my lines had been cast in political currents.

In the political view, the business man is oftener than not classified as one whose ambitions are purely those of personal gain, whose intellectuality is graded by his success in diminishing the board of others that his own may grow. He is not credited with those finer feelings of which are born altruism, self-sacrifice, loyalty, patriotism.

That this should be what is termed "public opinion" is not so very surprising. For in individual trading the business man is forced to be exacting in order to protect himself. He buys

and he sells, and if he is "hard" in selling, the exactions imposed on him as a buyer may have left that the only course open to him.

It is not difficult, then, to understand why the business man has been about the weakest element in general society when it came to influencing legislation. It has been easy for politicians to flout his suggestions. The difficulty which he has had to meet in convincing the country of his patriotic interest in it and of his desire for proper legislation for all, has been that he was not organized. Farmers in their alliances and laboring men in their unions possessed strength which others were bound to respect.

I can imagine that the first chamber of commerce was organized because of a realization that if the business men of the country would prevent themselves from becoming its pariahs, they must do two things. They must let the country know really who and what they were, and they must strengthen themselves by organization, that their power might be felt.

Probably nothing could have been more fortunate at this time than a national meeting of business men. There was assembled the very strongest of our citizenship representing success in manufacturing, banking, commerce. Business men and their organizations were on trial—this was their opportunity to set themselves in a proper light before the country.

When we were forced into war we had neither soldiers nor arms nor ships to carry our military strength to the point where it must be used. Since then we have been raising, equipping, disciplining, transporting and feeding an army which soon will number a million and a half men. We have too been forced to aid our Allies with money and food.

In our haste there was confusion in preparation, there was conflict in labor, there was criticism which discouraged. To whom could we look for that organization and systematizing of the work we had, and still have, to perform, that it might be done well and quickly? To whom, unless to the business man and the manufacturer, whose life has been that of system and organization?

#### Industrial Statesmanship

AGAIN—The farmer could raise crops, the workman could manufacture gun and shot and shell. But all this had to be paid for, and where was the money to come from? From taxation and bonds. The bulk of the taxes would be paid and the bulk of the bonds bought by men of wealth. And those men are the business men.

How did they meet the test? By pledging themselves to respond to any demand of the government in the prosecution of the war, no matter how great the cost to themselves, no matter what the sacrifice.

I heard the speeches delivered at this meeting of business leaders. There was no trickery to produce emotional effect. There was no hypercriticism. But there was suggestion of methods. There was deep seriousness.

Great as are the responsibilities of our business men today, the greater will they be when this awful business of war is done. Chambers of commerce and other organizations of business should increase in number. They should consider themselves as particles of the great whole, the business men's organization of the United States, having in charge not only local interests but the interests of the country.



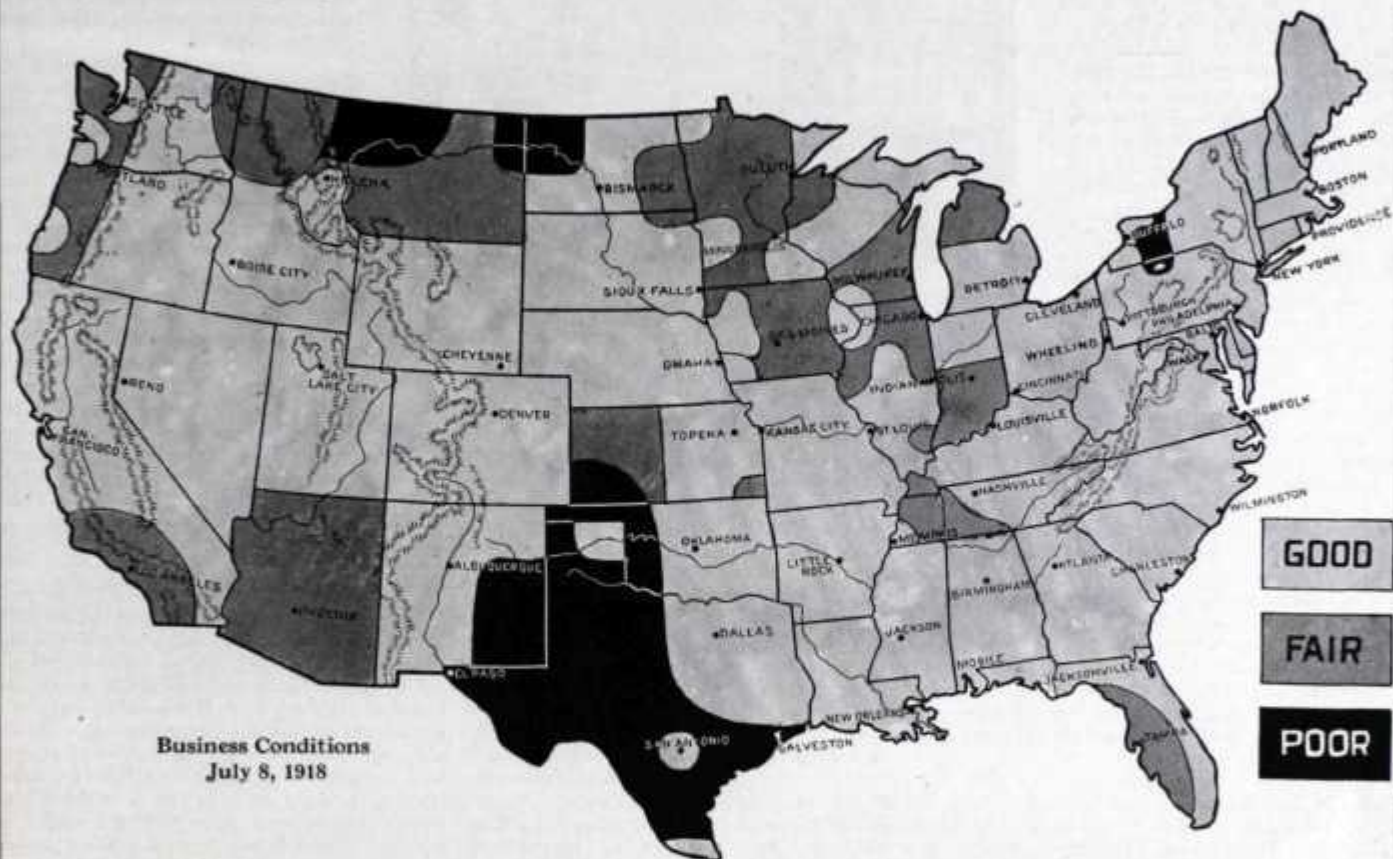
# Heroic Industry of Farmers Assures High Average Yields in All Crops

By ARCHER WALL DOUGLAS

**I**T is characteristic of that spirit of the times, which refuses to accept unquestioned the traditions and inheritances of the past, that a sustained effort is being made to arrive at a better and surer method of crop forecasting than now prevails. The present system predicates future yields on the basis of conditions continuing as they are, which, of course, they never do. Consequently such forecasts early in the season, are merely the widest possible approximation and often serve only to furnish material for the gamblers in the grain pit and stock markets.

Harvesting was completed somewhat earlier than usual because the "embattled farmer" camped out on the job through the long daylight hours with all his family and relations unto the third and fourth generation, with men hired sometimes at five to six dollars per day, with pupils from the rural high schools, and with small town people who forgot business for the time being and heeded call of back to the farm.

Spring wheat has been damaged by dry weather in much of Montana, in Central and Western North



What is now being sought is some intelligent study of weather likelihoods during the growing season as the only possible sure guide. Meteorology is not an exact science, far from it in fact, simply because there seem at present to be many factors in the equation which are now beyond our ken. Such for instance, as to what goes on in the upper or "free" air, and just where, and how and why the moisture bearing lows originate. On the other hand there is an increasing knowledge of the ways of meteorology; and we already know many things moreover from observation and experience.

Just now the outcome of the crops is of supreme and incalculable importance, not only to us, but to our Allies across the seas. The winter wheat harvest is practically over, and the yield will be fully up to our original forecast. Such damage as occurred in western Oklahoma and portions of Kansas are offset by more than average yields in other states.

Dakota, and in some portions of South Dakota. Elsewhere it is doing well, and still holds out the promise of an unusually large yield. In the dry sections named small grains in general suffered along with spring wheat, and pastures have likewise been affected. In the Great Plains States there are scattered localities telling of hurt to potatoes through lack of rain.

The oat crop promises to be a very large one despite damage by drought in certain sections. Corn suffered severe local damage by frost in parts of Ohio and Indiana and by drought in some sections of the Southwest. It is now in the critical stage of tasseling, under generally favorable conditions, as far north as the latitude of Omaha, Des Moines, and Springfield, Illinois.

At this writing the Southwestern lows are still on the job and there are no signs of any extended or protracted drought in the corn (*Concluded on page 48*)



# When the War Chariot Stalls

## Rapid-Fire Courses of Instruction at Our Emergency West Points for Mechanics Are Turning Out an Army of Guardians for the Machinery of War

By ERNEST N. SMITH

Secretary, Indianapolis Chamber of Commerce

**S**IR" said the lieutenant, "one of the instructors ran one of our big trucks in a ditch and the boys worked so hard and so late getting it out that I relieved them from drill duty this evening."

"Lieutenant," said the commanding officer, "the instructor no doubt ran the truck into the ditch for a purpose. If those boys took an unusually long time getting the truck out and going that is unfortunate for them. I shall expect all your men to be in line for evening drill without fail."

"Yes, sir," and the lieutenant stiffly saluted, "is that all, sir?"

"No, you might tell your truck men that one of General Pershing's men who spoke here sometime ago said his company fought in the trenches for two days and returned to their billets to rest and were then ordered to dig ditches all night," concluded the commanding officer.

Right there the war struck home for the lieutenant and for a squad of privates—and they weren't anywhere near a battle line, but in a middle western city where they were part of a regiment being trained first as soldiers and second as auto mechanics and chauffeurs. In new vocational training schools established by the War Department thousands upon thousands of drafted men are being given a training which marks a new departure in the development of our National Army, and the utilization of new facilities for training soldiers in this work has been brought in three months to a high degree of perfection. Incidentally it pointed a new way for chambers of commerce to take part in the war.

To round out a completely equipped and completely trained army the General Staff some months ago created a new Committee of Education and Special Training to study specifically the needs of the army and to secure the cooperation of technical education institutions over the country for the training of men in many lines of industry.

The Indianapolis Chamber of Commerce, learning of the plan, came forward and offered to train 10,000 auto mechanics in Indianapolis during the present year, and, acting as the agent of the War Department, take the full responsibility for housing, feeding and providing an instructional staff. The committee, seeking to establish schools everywhere a good location could be found, was not averse to letting a commercial organization try its hand along educational lines and five hundred men were placed in a school created by the Chamber of Commerce. The experiment was a success, to such an extent that contracts were signed whereby the Chamber of Commerce opened four schools containing nearly twenty-five hundred men, provided meals and housing and a staff of one hundred and thirty instructors and created the largest vocational training detachment in the United States under one management.



Indianapolis Arrives at the Front. She Teaches Real War

The Indianapolis Chamber of Commerce took over the State School for the Deaf, the State School for the Blind, an entire hotel, a factory building, the vocational facilities of two high schools and the state fair grounds, all located at Indianapolis. Auto mechanics, chauffeurs, blacksmiths, electricians, gunsmiths, carpenters and woodworkers, sheet metal workers, telegraphers and aerial telegraphers are being trained in the four schools. The automobile factories of Indianapolis loaned thousands of dollars worth of instructional material as did the factories in other lines—and released their best men to assist in the instruction work. The school commissioners turned over two high schools and the city's vocational director, a fleet of Liberty trucks was turned over to the schools by the Government, the Chamber of Commerce created a separate business staff with accounting, purchasing, inspection and statistical departments, and a post exchange division.

### Listen To This, Professor

**T**HE Indianapolis Chamber of Commerce, pledged wholly to war effort, accepted the full responsibility placed upon the organization by the War Department. The latter assigned a large complement of officers to handle the military training which was necessarily of first consideration. Beyond that point the Chamber of Commerce built up an instructional staff of approximately one hundred and twenty-five men, purchased thousands of dollars worth of instructional material for use in the schools and organized a commissary department to furnish plenty of substantial well-cooked food—and the total expenditures were kept within a previously agreed allowance by the government of a certain sum per man per day.

A schedule of from six to seven hours of vocational work a day, three hours of drilling and study periods, made up a hard

steady and intensive course of work.

The way the men developed was an inspiration to the instructors. Farmer boys and clerks thrown into shops for the first time were able within three weeks to repair guns and metals and join sections of steel so cleverly that the place of joining was invisible without the most minute inspection in a strong light.

While work was suspended on Saturday noon boys would ask their instructors if they couldn't be given special work to do over Sunday. The officer of the day pausing one evening outside a dormitory room, an hour after taps had sounded and lights were out, heard a low voice in continual action. Entering suddenly he found one man with an electric flash-light under the bedclothes reading aloud a chapter from a book on ignition, with the rest of the dormitory inhabitants listening intently. They were trying to get clearly in mind some intricate points on automobile wiring discussed that day by an instructor.

Any number of men asked if they couldn't do experimental work after taps, quite willing to sacrifice their sleeping period in their thirst for knowledge. Of such material are we developing American soldiers.

### Where's That Damn Nut?

**O**N a necessarily rapid fire course of mechanical instruction greater emphasis is laid upon the actual doing of work rather than upon book knowledge. An instructor would remove a very small but important part of a motor and set the students to finding what was missing. And once having found what part was missing they might suddenly be called upon to make a new part or to make a temporary repair that a huge truck might be moved. Boys being trained as carpenters would be rushed to a field to erect a small building, and having built it they would be ordered to move it quickly to another spot, which turned out to be soggy ground, where immediate consideration would have to be given to different types of underpinning.

The inventiveness of the boys is called into play upon every occasion, and it is amazing to see the ability of farmer boys especially, who are in the habit of doing repair work about the farm with few accessories, develop substantial methods of getting things done in the way of temporary as well as permanent repairs. There is an enthusiasm in getting things done which at times keeps the instructors hard pressed to keep a constant flow of materials for repair purposes.

A man is allowed to develop rapidly as his training or ability permits. A student does not have to stay in one course with a class if he has mastered in a very practical way the work set out for him. At the end of a course a student may be rated as an all-around first-class auto mechanic, carpenter, electrician, or sheet metal worker, etc., but his record of



accomplishments and ability is truly set forth that his officers at the front may know exactly what to expect from him in mechanical skill in addition to his record as a soldier.

A tremendous number of auto mechanics are needed by the army and thousands will be trained at the Indianapolis Training Detachments of the National Army. Not only are the men required to take down and assemble the huge army trucks but they are taught to drive the trucks on all kinds of roads, through heavy city traffic, across country under all kinds of conditions, and to extricate trucks from every kind of difficulty an enterprising staff can devise.

The work of these vocational schools in a community is a distinct help to many a manufacturer handicapped by a lack of labor. When factories turning out war material have had mechanical work to do which was in line with the courses given in the vocational training schools the instructors have not hesitated to handle work in large quantities.

#### Salvage "Shelled" Building

OVER 250,000 rough gunshells were put into a finished condition for one firm, all the trucks and side-cars and motorcycles in use in two army camps near Indianapolis were overhauled. Hand reaming was done, rough castings were finished, bicycles and motorcycles and automobiles were completely assembled, hundreds of cold and cape chisels were made, auto wheel truing devices constructed, center punches, crow-bars and try-bars and hundreds of tension, torsion and compression springs were made. Garbage cans and sheet metal articles were turned out,

and firms needing buildings erected quickly for war work were given an astonishing amount of help when several truck-loads of carpenters arrived and with military precision completed their work and departed leaving a thankful manufacturer behind.

A fire in Indianapolis completely gutted a tremendous industrial incubator plant housing many firms. With the high cost of labor and the scarcity of workmen it was not practicable to salvage the machinery until one of the training schools stepped in and vices, small machinery, engines and material of every conceivable description was salvaged and put into shape. As one instructor put it "Boys just imagine the Germans had shelled this place. If they had it couldn't be worse. Lets hoist a flag and go to work." That was enough. Here was an opportunity to work under war conditions—in a devastated district.

Due regard is given in the schools to relaxation periods. In the four schools in operation in Indianapolis one has a band of forty pieces, another has a quartette, another a glee club, and not only is there stiff competition among the various detachments but among the companies of each detachment. The Chamber of Commerce offered a flag to the best drilled company in each detachment and a first prize to the best drilled company in all the detachments. Sunday morning services are held at all the schools and an effective outside speaker is secured for each occasion.

Through the efforts of the Committee on Education and Special Training a course is given by special instructors in all the schools on the war, its underlying causes and the supreme importance to our democracy of the cause for which we are fighting. The issues of the war are discussed and the varying fortunes of attacks on the Western front are explained in detail.

Work similar to that carried on in the four schools in Indianapolis is being carried out through the cooperation of colleges and technical schools all over the United States. The schools in Indianapolis are giving instructions in a large number of different subjects. The program of work carried out has developed a new field for commercial organizations. The Indianapolis Chamber of Commerce acting for the War Department guarantees to relieve the latter of the responsibility of housing, feeding and training thousands of drafted men.

#### More Than Waging War

ALL who have watched these soldier-students at their work say that they have not seen a more inspiring military sight in this country, an improvement in their future is involved in their work. What they are doing is more than merely learning to destroy the enemy. They are learning the principles of life; they are mastering studies which will help them in whatever career they undertake after they shall have returned. Talents of no mean order are being daily discovered—talents, perhaps, which the training undergone by the ordinary recruit would not have brought out.

Educators see in this war school a plan for general education which may have merits for us in the times to follow this war. In our mechanical age, masters of mechanics and technical studies can scarcely exceed the supply. One of Germany's great assets in this war of science and machinery is due partly to the large number of citizens she has scientifically trained.

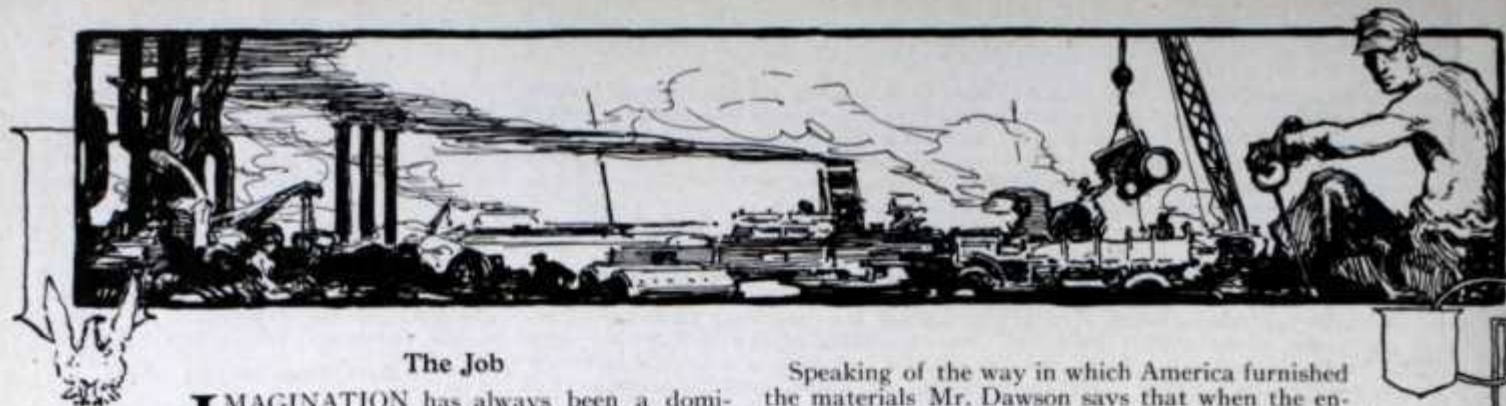
I myself have often overheard remarks made by them, which have given me a new idea as to what the possibilities of the young manhood in this country are. Clerks, farmer boys, lawyers, barbers, drivers, professional men and laborers—all come to the great schools established and in a tremendously interesting, intensive course, under strict military supervision, they are turned into an effective, mechanically trained, majestic fighting machine—and go forth to do their best—to give their all perhaps—along the far flung Western front.



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Our new army motor mechanics are learning by doing. The instructor may remove a small but important part of a motor and set the student to find what is missing. That done, he is called upon to make a new part or a temporary repair. The knack of assembling a truck in record time is a prime requisite since, in order to save storage room in our ocean carriers, trucks are being sent over in parts to be assembled in France.





### The Job

**I**MAGINATION has always been a dominant factor in our industrial success. Doubtless General Pershing had this in mind when he sent this message through Mr. E. T. Meredith, a member of the special commission to France and England. "The war is not won," says he. "To win it Americans business men must plan as big as they can think."

### The Mistress of the Seas Looks Ahead

**B**BRITISH shipping after the war is under careful consideration by the Board of Trade (official). In a voluminous report just completed it declares that the maritime ascendancy of Great Britain must be maintained at all costs and that submarine losses, therefore, must be replaced without delay. The first condition of reconstruction, the report sets forth, would be the early removal of government control.

Of the disposition of the enemy merchant fleet, the committee sets forth that no peace would be satisfactory which does not force the surrender of the enemy shipping and "inflict drastic and exemplary punishment for the enemy's crimes at sea." Surrender is demanded also of all Allied shipping seized by Germany since the war began. Enemy tonnage, it is suggested, might be allocated among the Allies in proportion to the losses sustained by the individual Allied countries or might be sold among the Allies to the highest bidders.

The program proposed by the committee calls for construction in the United Kingdom of at least two million tons of shipping. To make this possible, it is recommended that all yards now engaged in Admiralty work be permitted to start merchant construction immediately the war is over.

### Yankee Builders in France

**I**NDUSTRIAL accomplishments of America in France as related by Coningsby Dawson in his book fresh from the John Lane Press this month incline one to be a bit chesty. A tenth rate harbor (and it is only one of several) has become, under the magic of Yankee engineers, one of the first ports of Europe. Its capacity has been multiplied fifty times; its berthing trebled, its unloading facilities multiplied by ten. Its railroad yard will contain 225 miles of track and 870 switches and immense locomotives-works will repair and assemble the 960 locomotive and the 30,000 freight cars from the States, all of which, by the way are equipped with French brakes and couplers. Reservoirs are being built to supply six million gallons of purified water daily.

Speaking of the way in which America furnished the materials Mr. Dawson says that when the engineers arrived on the scene with 225 miles of track to lay, they found 100 miles of rails and spikes already waiting for them and of the 870 switches, 350 were on hand, and of the ties one-sixth were piled up waiting.

"Here, as elsewhere," said Mr. Dawson, "I found that the engineering and organizing brains of America are largely in France. One colonel was head of the marble industry in the States; another had been vice-president of the Pennsylvania Railroad. Another man, holding a sergeant's rank was general manager of the biggest fishing company. Another, a private in the ranks, was chief engineer of the American Aluminum Company. A major was general manager of the Southern Pacific. Another colonel was formerly Comptroller of the Currency and afterwards president of the Central Trust Company of Illinois. A captain was chief engineer and built the aqueduct

over the keys of the Florida East Coast Railroad. As with us, you found men of the highest social and professional grade serving in every rank of the American Army; one, a society man and banker, was running a gang of negroes whose job it was to shovel sand into cars. In peace times thirty thousand pounds a year could not have bought him.

What impressed me even more than the line of communications itself was the quality of the men engaged on its construction. As one of them said to me, 'Any job that they give us engineers to do over here is likely to be small in comparison with the ones we've had to tackle in America.' The man who said this had previously done his share in the building of the Panama Canal. There were others I met, men who had spanned rivers in Alaska, flung rails across the Rockies, built dams in the arid regions, performed engineering feats in China, Africa, Russia—in all

parts of the world. They were trained to be undaunted by hugeness of any task; they'd always beaten Nature in the long run. Their cheerful certainty that America in France was more than up to her job maintained a constant wave of enthusiasm."

Not the least stirring note of the volume is found in the preface "For Fools Only," in which the author gently castigates well-known types of foolish Anglo-Saxons of both sides whose cantankerous Bunker Hill prejudices cause them "to fling in God's face his splendid recompense for our common heroism in the chance to re-unite the great Anglo-Saxon races in a truer bond of kindness and kinship."

### A Commercial Entente in Buenos Aires

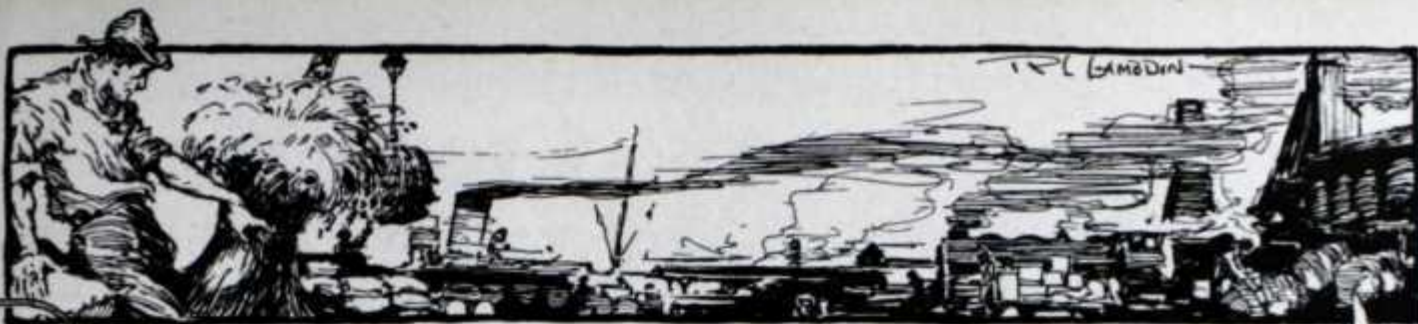
**A**N Allied Commercial Committee that is the first of its kind has been formed at Buenos Aires. It is composed of delegates from the British, the French, the Italian, the Belgian, and the American commercial organizations in Buenos Aires. Common interests have drawn together organizations which, not so very long ago, eyed one another askance and apparently have led them to enter into a commercial entente.

### Germany Halts the Parting Guest

**G**ERMANY'S vaunted efficiency is again shown in a proposed bill to prevent the evasion of war taxes by emigration. It provides for the payment of taxes for a period of five years after the conclusion of peace. The general principle of the bill is that persons who have enjoyed the protection of the German Army during the war shall not escape contribution to the costs of this protection.

The law will apply to those whose taxable property exceeds 30,000 marks. In the event of emigration one must leave 20 per cent of his taxable property as security. Offenders against the law, together with their wives and children, are to be deprived of their nationality. The bill naively provides, however, that nationality will be restored by a subsequent voluntary payment of taxes due.





### Standing Up For Fido

**F**EW Americans realize the extremity to which our Allies were reduced early in the spring. During one week the police authorities in Great Britain estimated that there were 1,330,000 persons in the bread line. The rationing orders have been extended into every nook and cranny of the Islands. Within a month an extraordinary amount of excitement was caused by the withdrawal of dog biscuits. The people who had cheerfully deprived themselves of necessities stood up for "man's best friend" and the Food Administrator set aside enough flour to replenish the dog biscuit stock temporarily and appointed an Inter-departmental Committee "to study the whole question of the number of dogs and the most effective method of reducing that number without the infliction of hardships or the wounding of sentiment."

### Spain's Industrial Hook-up

**C**HAMBERS of Commerce are to be public institutions in Spain. By a royal decree issued this spring there is to be a chamber of industry and commerce, or simply of commerce, at the capital of each province, and local chambers as well.

For these organizations rather precise provisions of law are laid down. To be entitled to vote in a chamber a person (and women engaging in business are included) must belong to the group of industries with which he intends to vote, be able to read and write, be at least 25 years old, be engaged in the business in question, be a shareholder in such a business of at least five years' standing, or be a director or manager. Foreigners with the necessary qualifications are eligible after ten years of residence, but they may not exceed one-sixth of the membership. Membership fees are two per cent of the public taxes each member pays.

The chambers organized under the decree and earlier laws will be consulted by the government with regard to such public affairs as commercial treaties, customs tariffs, railway and steamship services, laws governing business associations, and commercial affairs generally. They are expected to submit proposals to the government for economic advancement of the country, establishment of labor exchanges, and undertake to conduct arbitration of commercial disputes. Altogether, they are to be an integral part of the government.

### Freight By Special Delivery

**S**TORE-DOOR delivery of incoming freight, as a means of relieving congestion at railroad terminals has been having attention. Commissioner Harlan of the Interstate Commerce Commission has made an investigation at New York for the Director General of railroads, having the assistance of public officials and of commercial organizations which have an interest in traffic conditions.

The plan that has been evolved, Mr. Harlan thinks, represents a consensus of judgment among the organizations and persons who are most interested. Geographical limitations prevent an adequate equipment of team tracks where consignees can remove their carload shipments from the cars and have caused the railroads to carry large quantities of freight upon car floats to piers, usually at night, and unload

the cars on the piers where consignees take deliveries. Congestion results, especially because each shipper and consignee carts his freight individually and often one case at a time, and this congestion works backward upon the roads and is said to have been felt last winter as far westward as Chicago and St. Louis. Elimination of the use of piers for storage through removal of freight as soon as it arrives is the gist of the plan for relief.

The ideal method for relief in Manhattan, according to the report, would be a store-door delivery and pick-up service operated by the railroads, with special drayage charges fixed in their tariffs.

It is proposed to deal now only with inbound freight, prompt removal of which is estimated to permit 30 to 50 per cent more freight to be handled in and out of Manhattan. There is to be a drayage director who will see that all inbound freight for consignees south of Fifty-ninth street is delivered immediately to the store door of the consignee. The director will have a drayage supervisor at each pier. The district south of Fifty-ninth street will be divided into delivery zones, and freight for a zone will be delivered to the trucks registered to make its deliveries, with existing equipment of trucking and teaming organizations and of shippers utilized as far as possible.

The drayage director will fix the charges consignees are to pay, and the hours when they must be ready to receive freight at their places of business. Salaries of the director and the supervisors will be paid by the railroads.

### The Price

By Harry Kemp

I sing the song of an endless peace and the brotherhood of man—

*But how will you shape the Kaiser's will to fall in with your plan?*

I sing the rights of the Lesser Folk and the glory of Law's advance—

*But what will you do with the Teuton that invades and blackens France?*

It's only through the love of man that the flags of war are furled—

*But how will you manage an Emperor who lusts to sway the world?*

I've dreamed of the nations' parliament—yes, once I dreamed as you:

*But the Kaiser has his dreams as well, and he fights to bring them true.*

O, talk as you will of the times gone wrong and the way to set them right—

*One thing is sure: Men only win that cause for which they fight!*



# War's Hand on the Credit Spigot

## A Grim Standard of Economy, Based on Absolute Need, Is Now the One Test by Which the Law Permits Large Borrowing

By ANSELM CHOMEL

THE city of San Francisco needed some new school buildings and planned to issue bonds to the amount of three and a half million dollars to provide funds for their erection. Ordinarily, at that stage, a municipality looks about for someone to buy the bonds. It goes to the investment bankers and the brokers who have pooled the savings which the people have scraped together. These men want to know that the city has not exceeded its legal limitation of indebtedness and that it will be able to pay the interest on its obligations and the principal when the time comes. Whether or not new school buildings are a necessity, whether less expensive ones would serve as well, whether something else may be more urgently needed are matters into which they do not as a rule inquire.

But now we have a new standard by which to gauge such things. The attitude of both buyers and sellers of securities has changed. A new factor has entered into our financial transactions which modifies all of them, at least all big transactions. That new factor is the war. Heretofore the only persons concerned in the sale of school bonds by San Francisco or any other American city were the people of the town and the buyers of the bonds. Now everyone in the United States, France, England, Italy and the rest of the Allied countries is concerned.

In order to safeguard the interests of the United States (our Allies can hardly be said to have a standing in court in the matter, touching their safety though it does) the Government has appointed a committee of seven men in Washington to advise municipalities, private corporations, and so on when and when not to offer their securities for sale.

### 'Frisco Gets Into Line

BEFORE San Francisco sent in her card to the bankers, therefore, she mailed an application to those seven men in Washington asking them to approve her proposed issue. The committee made an investigation to find out whether the city couldn't wait until after the war for the new buildings. It asked the opinion of the officials at the Bureau of Education, as experts in such matters. Then it refused San Francisco's request, on the ground that temporary structures, which could be erected for something like one-tenth the cost of those planned, would amply serve the city's ends for perhaps five years. It held that the sale of the proposed bonds would be against the public good, competing, as it would, with government financing. The consumption of all of the material and credit represented by the difference between temporary and permanent structures, was deemed unnecessary.

San Francisco, therefore, received approval for the issuance, not of bonds to the amount of \$3,500,000, but of \$435,000, enough to

buy land and put up temporary structures. In the end, she may save money, because the present increase in the cost of building would likely offset the outlay for the temporary construction.

That illustrates the function and the

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**Y**OUR plant needs a new wing. Your town or city must have a new hospital. You are trying to work out a stock dividend on your books. You have been agitating an improvement in the road between your home and your office. The expenditure of money for these purposes in times like these may be worrying you. You want advice—trustworthy guidance. The Capital Issues Committee, Washington, will give it. It has an expert financial conscience. From it—the seven specially chosen men who compose it—you will learn the relation between your plan of expenditure and the militant purposes of the American people. If you wish to learn in advance how your case will be handled—here's how.

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methods of the Capital Issues Committee. Like the War Finance Corporation, created by the same act of Congress, the committee is purely a war measure. It will cease to exist six months after the war ends, unless in the meantime the President should abolish it as being no longer necessary.

The incident also shows the wide sweep of jurisdiction conferred on the committee by the patriotic public opinion of the country, broadening its field far beyond the limits to which Congress charged it to go. The act, for instance, does not make it the duty of the Committee to pass upon issues of bonds by states, counties and municipalities, Congress not wishing to put itself in the position, perhaps, of trying to override the rights of sovereign states in the management of their own affairs. On the other hand, the law does not forbid the investigation of such proposed issues when voluntarily submitted, and a potent reason why they should be submitted lies in the fact that the most important investment markets turn a cold shoulder upon securities which come along without the committee's tag of approval. So far as the practical workings of the law are concerned, states and their subdivisions are on the same footing as private corporations. Even before the committee had a legal existence, when it was merely a group of men chosen from the Federal Reserve Board by the Secretary of the Treasury, and the country was simply invited to consult it, many stock exchanges, such as those of Boston, Chicago, Philadelphia and New York agreed not to list unapproved securities coming within the committee's jurisdiction. The Investment Bankers' Association, the American Bankers' Association, the Central States Banking Association, chambers of commerce and other organizations set their faces against such issues. Public opinion had crystallized into action.

The law, to state it in two paragraphs, authorizes the committee to determine whether

or not it is compatible with the public interest to sell securities put out after April 5, 1918, when the aggregate face value of the issue, together with any other securities issued by the same person, firm or corporation, since April 5, exceeds \$100,000. Securities in possession or under control of the issuer on April 5 are deemed to have been issued after that date. Approval by the committee does not guarantee a given security to be a good investment. Intending purchasers must determine the legality, validity, worth and security of bonds in the ordinary way.

Then there are some things which the committee is not authorized to pass upon: Any borrowing in the ordinary course of business as distinguished from borrowing for capital purposes; borrowing to refund indebtedness existing April 5, 1918; the resale of securities, the sale of which the committee has determined to be compatible with the national interest; bonds of the War Finance Corporation and securities of railroads operated by the government.

The magnitude of the work of the committee and the bearing of that work upon almost every conceivable activity of the country is apparent from the fact that from February 1 to May 17, when the committee created by Congress came into existence, the old organization considered applications for issues of securities aggregating \$478,458,386, and it is estimated that from May 17 to July 1 the total amount of issues passed on will not be less than \$500,000,000.

### Committee Hits a Pace

THESE applications come from municipalities, public utility companies and industrial concerns. Of the \$478,458,386, the committee approved \$412,766,721, of which \$258,664,496 was for the refunding of obligations. Thus new issues of \$154,102,224 were approved, an apparent saving of \$550,109,399 over 1917. In other words, that amount of loanable capital was diverted from the expansion of industrial plants where that expansion would not help to win the war, from the building of city halls, schools and parks, and from public utility companies. With regard to the latter, however, it is interesting to note that only 2 out of 62 applications were disapproved.

Since the committee has gained a legal status, it has been overwhelmed with applications. A single day's mail may bring in as many as 75, and one case may involve as many million dollars. Two issues of securities, for instance, which the committee has found to be in the public interest are intended to raise \$110,000,000, of which \$60,000,000 goes to the Armour packing interests and \$50,000,000 to the Bell Telephone interests.

The committee holds that borrowing for capital purposes, even when done through bank loans, advances, short-time notes or



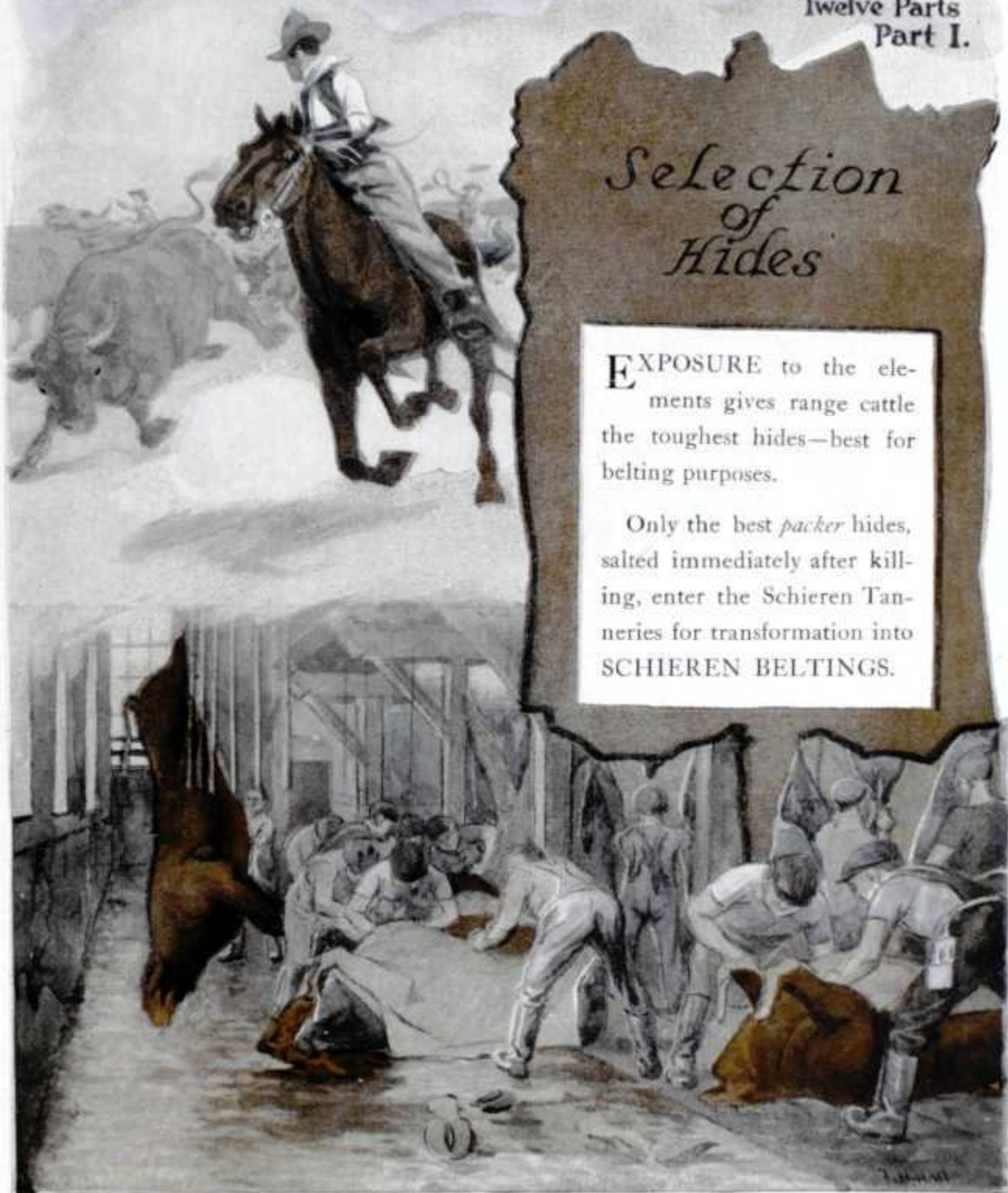
# SCHIEREN BELTINGS

A Story in  
Twelve Parts  
Part I.

## *Selection of Hides*

**E**XPOSURE to the elements gives range cattle the toughest hides—best for belting purposes.

Only the best *packer* hides, salted immediately after killing, enter the Schieren Tanneries for transformation into SCHIEREN BELTINGS.







And here's another circumstance—by no means the least important,—A Schieren dealer within easy reach.

THE production man watches his belting as closely as his motors and his machines. Each depends upon the others—production upon them all.

For new enterprises, or for replacement work, he knows exactly what kind of belting he wants. He demands that kind and no other, for ANY other would mean curtailment of production.

Schieren's DUXBAK Waterproof

Leather Belting has been tried and found satisfactory in every country in the world, in every conceivable kind of service. It has millions of friends.

To supply those friends quickly we maintain branches with complete stocks in all large cities, and dealers also carry stocks to supply local needs in many cities. This affords to belt buyers and users a real service on a production "essential."

Tanners and Belt Manufacturers



*Chas. A. Schieren Company*

Main Office and  
Belt Factory:

75 Ferry Street  
New York City

Oak Leather Tanneries: Bristol, Tenn.

|                                  |                                    |                                   |
|----------------------------------|------------------------------------|-----------------------------------|
| Atlanta, Ga.....373 Marietta St. | Kansas City.....1228 W. 12th St.   | San Francisco.....257 Mission St. |
| Boston.....232 Beacon St.        | Philadelphia.....226 S. Third St.  | Seattle.....205 First Ave., So.   |
| Chicago.....126 West Kenzie St.  | Pittsburgh.....327 Second Ave.     | The Texas Chas. A. Schieren       |
| Cleveland.....1732 Arapahoe St.  | Memphis, Tenn.....477 S. Main St.  | Co., Inc., Harvey and William     |
| Detroit.....72 Congress St., W.  | St. Louis.....307 Postoffice Bldg. | Son, Dallas, Tex.                 |
| Cleveland.....777 Eastwell Ave.  | Salt Lake City.....Dealy Bldg.     |                                   |



other means employed in the ordinary course of business, come within its province. In the case of securities to refund indebtedness existing prior to April 5, 1918, these should be submitted in order that they may have the official sanction to which they are entitled. After an issuing principal has put out securities of all classes amounting to \$100,000, since April 5, all future issues of any amount come within the committee's jurisdiction.

#### These Things Must Wait

THE committee will endeavor not only to restrict the use of capital for non-essential purposes but also to encourage its use for essential purposes. In determining whether or not a given industry is a "war industry," it will avail itself of the advice of the government departments having knowledge of the government's requirements. The committee will urge that all highway construction not called for by military necessity or unusual economic necessity be postponed. It will look into the issue of shares through a stock dividend to make sure that they are made only from *bona fide* surplus earnings to present shareholders, without payment by them, and that they do not require the use of additional capital. It will look also into the issue of securities in exchange for property or for other shares, which may or may not constitute a sale within the meaning of the act.

The committee believes that there are certain classes of municipal improvements and expenditures which should wholly cease during the war, such as parks and betterments designed solely for purposes of appearance or architecture. Those which cannot be postponed until after the war should be curtailed whenever possible. This applies to public buildings, hospitals, street and road construction, waterworks extensions, sewerage and drainage improvements, sidewalks, and so on.

#### Leaks: What They Mean

THIS war is a test of our staying power, of our staying power not only as expressed in men and food and munitions, but in money. To acquire that staying power in money—more properly, in credit—we shall probably have to set aside for war purposes a sum equal to the combined savings in normal times of every person in the country, the difference between every person's income and his expenditures, and then add to it other savings which are the result in many cases of downright hardship. In that necessary programme, unnecessary expenditure can have no place, and it is the business of the committee to stop it as far as possible.

Unfortunately, a great amount of unnecessary expenditure cannot be reached by the committee. The case reported a short time ago from a western city, where many men grown rich since the war began were building fine homes, cannot be reached. And building of fine homes is only one of the ways in which money is being spent which will not help to win the war. A financial authority, after traveling through the country, gave it as his opinion that the aggregate of the unnecessary outlays which will not come within range of the com-

mittee's work because they are, individually, too small, will equal the total of the proposals for capital issues upon which the committee will be called to act.

Perhaps that estimate is too high. Even so, the fact remains that it has not sunk deeply into the consciousness of many persons that the reasons for conserving capital for war purposes apply in every instance, whether the amounts involved are large or small. While it may be out of the question for any governmental agency to pass upon all issues of securities, the principle at stake is the same in every case. Patriotic citizens should not permit capital under their control to be wasted or used for any purpose not contributory to the prosecution of the war, no matter how small the amount, and they should be even more diligent when they must decide for themselves without the benefit of specific advice from the government.

To the credit of the men who transact the large affairs of the country it can be said that, as a rule, they think of the national interest first. That, at least, has been the experience of the committee. The exceptions are so few that they are hardly worth mentioning—there are not many public officials like those responsible for the refusal of a certain county to postpone the erection of a new court-house until after the war, because it had the funds

and could snap its fingers at the government. Over against that can be set the example of the bankers' associations and stock exchanges, already mentioned; can be set the action of the officials of the city of Philadelphia in asking for an opportunity to go over with the committee, item by item, the entire city budget of many millions, with a view to bringing the city's capital expenditures into line with the committee's policy; can be set San Francisco's acceptance of temporary school buildings; can be set Birmingham's determination, from patriotic motives, to postpone her school building plans altogether, although the committee was ready to approve the issuance of bonds for temporary structures; can be set the voluntary offer of a leading college to stop the construction of a liberal arts building notwithstanding that the arrangements had progressed so far that cessation would have meant a loss of \$75,000 to the college.

#### Cogs Now Mesh Nicely

THE manner in which the Capital Issues Committee cooperates with the War Finance Corporation and the Federal reserve system is as follows: A corporation in need of funds seeks the approval of the Capital Issues Committee. If this approval is forthcoming, the corporation seeks credit from the sale of stocks and bonds. If this fails, the concern applies directly to the War Finance Corporation. The War Finance Corporation is empowered to issue its notes, which become a joint floating charge upon all the corporation's assets, in exchange for the notes of the concern accompanied by the promissory notes of the bankers interested, or, in emergency cases, in exchange merely for the notes of the concern. The amount of notes which may be issued is limited by law to six times the value of the capitalization of the War Finance Corporation, or \$3,000,000,000.

Short-term issues of securities are regulated by their availability for discount at the Federal reserve banks, plus the oversight of the Capital Issues Committee, while longer-term financing is further influenced by the War Finance Corporation. The Federal reserve banks, further, have played an important part in the Government's efforts in the financial field in directing the sale of Liberty Bonds and Treasury certificates of indebtedness.

#### The Committee Says—

THE eighth item of the "Instructions to Applicants" formulated by the Capital Issues Committee contains the heart of the whole matter: "In all cases, except for war work, explicit reasons must be given why the proposed issue cannot be postponed until after the war, or why the necessity of the issue is greater than the paramount need of the national government to conserve the financial resources, materials and labor of the country for the prosecution of the war."

That is a good rule to be remembered even by the man whose transactions are not large enough to bring them within the scope of the committee. No greater patriot is there than he who serves—unseen.





# The New War Tax: Determining Your Share

**S**CHEDULES are hard things to keep these days, and Congress forms no exception. When the House Committee on Ways and Means began hearings on June 7 to receive any and all suggestions about new revenue legislation, it had some expectation of getting to the end around June 20. It actually continued for three weeks longer.

The plan was to have both Houses adjourn while the House committee framed the new revenue bill,—a task it thought it could complete by August 12. The program went awry, for the question of authority to the President to assume control of telegraphs, wireless cables, and telephones suddenly appeared, and on July 6, when many Congressmen had arranged to leave Washington, the House decided to stay in session, and did not reach a conclusion about the recess until July 15, when it in effect suspended its sessions until August 19 and the Senate postponed serious business probably until August 26.

## Revenue Hearings in Committee

**T**HE hearings of the House committee preliminary to its work in amending existing legislation relative to taxes, and originating new legislation that may bring the total levy of federal taxes for the calendar year of 1918 to approximately \$8,000,000,000, accumulated over 1600 printed pages of testimony. These hearings were in large measure preparatory. The committee as its second step will draft a bill. Debate will scarcely begin in the House much earlier than the last week of August or the first week of September. It is altogether possible that the Senate Committee on Finance, on its part, may be holding hearings before debate begins in the House.

The diversity of business operations affected by existing taxes, and the great difficulty of applying one rule to all American industries, appeared at the hearings. There was a democratic exposition of American industry. The gold miners of the West told their difficulties with the present law. Apple growers from West Virginia insisted that the present law does not take into account the twelve years they wait for their first crop or the vagaries of the seasons, to which they are peculiarly exposed. Diamond dealers, automobile manufacturers and representatives of the 20,000 rural mail carriers who use motor vehicles, pharmacists, candy-makers, managers of public utilities, representatives of the 1,000,000 gallons of hair tonic we as a people receive on our heads every year, expressmen, zinc miners, insurance men, sculptors and painters, bankers doing business abroad and having both foreign and American taxes fall upon the same earnings, makers of the carbonic acid gas that serves over 100,000 soda fountains, manufacturers of post cards, operators of coal mines who cannot increase their equipment to add to the emergency output of their mines, publishers of all manner of newspapers and magazines, the pioneers who drill in new places for petroleum and now when they "strike oil" cannot take into account their numerous failures,—these are merely typical of the variety of interests among the men who described their situations.

Besides, there were men with theories, in

## High Lights on Today's Historic Legislation: Theories of Apportionment, Exemption Principles, Wealth to be Reached, Eloquent Totals Sought by Congress

the sense that their suggestions cannot very well have much influence upon the bill that is now in the making. There were eloquent advocates a-plenty of the single tax and of entire reliance upon a tax on gross sales or turnover.

Theories of a different sort were presented, too. Some suggestions were made that taxes be used to obtain results beneficial in ways other than the money return. There were proposals for taxes on shoddy, to keep it out of clothing; taxes upon private employment agencies, in order that those of the federal government might completely centralize mobilization of labor; taxes for cur dogs, that sheep raising might become possible in regions where dogs now range at will; taxes that would abolish trading stamps, and taxes to put an end to the business of itinerant vendor of precious stones.

The committee was apparently most interested in developing the inequalities of the present law and in discovering ways in which they might be avoided. At one stage a majority member declared that what the committee most needed were "technical suggestions that will enable us to work out and establish a basis for taxation to which we can apply the proper amount of rate in levying taxes upon the different industries of the country in fair and equitable proportions."

Apparently two methods of achieving this result are in contemplation. In the first place, the deductions and exemptions that are allowed out of earnings before the tax is applied,—whatever the tax may be called, income, excess-profits, or war-profits,—will probably be scanned with special attention to deductions for depreciation and obsolescence that will prevent capital from being sacrificed. How rules for these deductions will be worked out cannot yet be foretold. That they are important, however, particularly in the case of industries which are created for making war materials, and consequently have plant and equipment that have short usefulness, is evident from testimony presented to the Treasury Department and the point of view of some of the war-making branches of the government.

## Proportion Exempt: British Experience

**A**FTER the deductions that are to be allowed from gross earnings are determined there will remain the question of the exemption that should be permitted as the part of net earnings that is not affected by taxes. When it has been said that the war-profits tax of England, 80 per cent, applied to the returns made in the United States for our excess-profits tax for 1917 would realize \$4,000,000,000, it has been pointed out that the British tax is not on the same basis as the American,—i. e., it allows larger deductions and exemptions, and the estimate was consequently unsound.

The British pre-war standard is fairly complex and elastic. It may be a profit standard or a percentage standard. To arrive at the profits standard the taxpayer selects two of the three years immediately before the war and takes the average, but if the commis-

sioners of inland revenue decide these years were a period of abnormal depression and the average for these years was at least one-quarter less

than in the preceding three years the taxpayer may take the average for any four out of the six pre-war years. Furthermore, if a concern includes two or more separate enterprises, losses sustained in any pre-war year by any of them may be ignored.

The percentage standard may, however, be taken by the taxpayer if it will give a higher exemption. It is 6 per cent on capital for corporations and 8 per cent for individuals, but it may be increased, upon a proper showing, by a board of referees for any class of trade or business, and may be based upon some other element than capital, such as turnover. The percentage is apparently increased when a business involves a rapid wasting of an asset for which depreciation allowance is not permitted, as in mining, or when there is a large element of risk, as with theatres, or where capital can be attracted only by higher profits than are normal, or where losses are inevitable in the early years of development, as in the case of rubber companies. Examples of percentage actually allowed as additional to the 6 per cent are:

|                                |     |
|--------------------------------|-----|
| Chrome mining in New Caledonia | 16½ |
| Moving picture theatres        | 5   |
| Coal Mines in Great Britain    | 3   |
| Coal Mines in South Africa     | 3   |
| Cold storage                   | 1½  |
| Electric supply in London      | 1   |
| Manufacture of explosives      | 2   |
| Rubber growing                 | 4   |
| Sheep farming in Patagonia     | 5   |
| Theatres in London West End    | 9   |
| Manufacture of tungsten        | 6   |

## Administrative Elasticity

**A**LL of the provisions of the British law for avoidance of difficulties have not been cited. The examples indicate, however, powers which have been lodged with administrative authorities. Moreover, these authorities can make special provision for wear and tear, depreciation, and obsolescence of assets. For instance, where plant or equipment has been acquired during the war at an inflated price and will sink to a lower level of value, or even to scrap value, at the end of the war, they can allow full relief. As the post-war value and the duration of the war are necessarily unknown, the authorities now make preliminary allowances, subject to eventual correction. For a steamer that has been purchased during the war and is ten years old, annual depreciation of 7 per cent is allowed, with 2 per cent further in connection with the excess-profits tax on account of wear, tear, and obsolescence. Our authorities now have discretion as to depreciation but they have none regarding obsolescence, for which they cannot make any allowance.

The second method for assuring a proper basis for our taxes on profits, therefore, is likely to be found in provision for enlarged discretionary powers in our administrative authorities. How far express provision in this direction will be made, and what form it will take, are necessarily still problematical.

## Taxable Profits: "Profiteering"

**O**N May 27 the President told Congress that excessive profits are being made and should be reached by the new taxation. Early in June the Senate asked the Treasury



Department and the Federal Trade Commission for data about these profits. The Department responded with a tabulation of data taken from returns for 1917, but with names omitted and its information was so voluminous that it would run into many pages of type.

The Trade Commission replied, however, with a statement addressed to the President and dealing with "profiteering." In using this term it makes no distinctions, including as a "profiteer" a low-cost concern which sells at prices fixed by the government, and apparently making no allowance for numerous factors which must be taken into account before a distinction seems possible between legitimate profits and those which are contrary to public interest.

#### Hoover's Dicta

ON July 8 the Food Administrator made some distinctions; he said that in order that high cost producers whose capacity is needed may be protected prices must be placed at a level which will give low-cost producers large profits, that the proper procedure is to reach the profits of the low-cost producers by a sound system of taxation, and that any other method will endanger the adequacy of of supply which is needed at a time of almost universal shortage in important commodities. Thus, the problem is stated clearly as a question of taxation, and it is likely to be worked out as such, with a levy upon all special profits which have their origin in the war and the conditions that accompany it.

Many new taxes are under consideration, but which will be selected and which rejected is not yet clear. They include taxes upon articles as they are sold at retail,—some upon articles as such and regardless of price, and others upon articles which sell for more than a particular price. These are taxes which have been used in France since spring and are about to be put into effect in England. It will be interesting to observe the practical results they will achieve. These taxes were described in the NATION'S BUSINESS for June.

#### Results of Present Taxes—Totals

ON July 3 the Treasury Department announced that internal revenue collections actually made, but in part not yet at the Treasury in Washington, aggregated in the twelve months ended with June \$3,671,000,000, of which \$2,821,000,000 were from income and excess-profits taxes. With addition of customs taxes amounting to \$179,000,000 and \$292,000,000, from miscellaneous sources, the total collections of

revenue by the Treasury in the twelve months reached \$4,144,000,000. That was 52 per cent of the \$7,874,000,000 we spent for our own current purposes, and 32.8 per cent of our \$12,612,000,000 in expenditures when we count in the funds we advance to the allies.

As a matter of fact a considerable amount of of income and excess-profits taxes for 1917 are not yet paid. A number of business concerns

war-saving stamps, and thrift stamps. This made our total outstanding long-time, interest-bearing obligations about \$10,000,000,000. In other words, in our first year of war our public debt had increased approximately \$9,000,000,000. In 4 years of war England's debt has risen by about \$25,000,000,000; England's expenditures for war to August are estimated at \$36,000,000,000.

In preparation for our fourth bond issue, in October, the fourth bond act has just been enacted. There is nothing in the new law to indicate any departure from the general plan which has become familiar in the earlier issues. In other words, the government will continue to anticipate the proceeds of bonds and taxes by selling short-time certificates of indebtedness and periodically offering bonds for relatively long terms.

As yet our sales of savings stamps do not approach the sales in England. There, over \$1,200,000,000 have been placed. To the end of June, however, we had only \$307,000,000 to show.

#### Progress of Legislation

THE legislation actively before the Houses of Congress has not been running smoothly in all cases. Appropriation bills carrying great sums of money passed with unusual expedition, but other items than grants of money got into the field of controversy. For a while the President vetoed a bill a week. First, he objected to any continuance of the pneumatic-tube service in large cities for carrying mail. The following week he refused to let the hours of government clerks in Washington be lengthened, on the ground that labor conditions were not to be altered during war. Then he vetoed the bill intended to protect short-line railways and he refused to accede to \$2.40 as a guaranteed price for this year's wheat crop.

The question of \$2.50 as a price for wheat has been a bone of contention between House and Senate since April, with the former opposing and the latter supporting, and a final com-

promise at \$2.40.

More recently, difficulty has arisen over the bill to give the President authority to operate during the war systems of communication by telegraph, etc., with compensation to the owning companies. This legislation readily passed the House, but in the Senate obstacles got in its way, not yielding until July 13.

In other measures there has been much achievement. Although the general bill for water powers has not yet been debated, it will come before the (Continued on page 48)



A lavishly beautiful corner of the Congressional Library—Washington's Intelligence Office of the Spirit. From it you may learn everything, from the obscure magic of the Hindu syllable Om, analyzed by 1,200 dead Yogis, to the Agriculture Department's latest recipe for cheese. Its Chief Librarian, Dr. Herbert Putnam, has supervised the sending of two million books to our soldiers

by reason of the difficulty of their computations, have had their time extended, and besides considerable collections will be made when attempts at evasion are corrected. Possibly, the amount to be credited to the income and excess-profits taxes for 1917 may eventually reach \$3,300,000,000, and so increase collections from all sources to \$4,700,000,000.

#### The Nation's Borrowings

BETWEEN the declaration of war and the end of June, 1918, our government obtained \$9,258,144,000 by the sale of bonds,



# A Detector for Foreign Trade Traps

Knowledge of the Fascinating Cross-Currents of World Politics Is the Surest Guide for the International Markets into Which Good Fortune Has Forced Us

By **LOTHROP STODDARD**

**I**N times past—and not so long past—American business was a simple matter. Standing upon the eastern rim of a vast and virgin continent, our forebears gazed out over a western horizon of limitless possibilities. Tireless energy and shrewd resource were of course needed to tame the wilderness and harness it to man's use. But the struggle was with inanimate nature. Competition with human rivals was practically absent.

The domain of foreign trade was no exception to this rule. In those days American exports consisted almost exclusively of agricultural raw materials; things for which overpopulated Europe cried out far in excess of contemporary supply. Manufactured exports there were none save a few 'Yankee notions'—unique creations of American inventive genius which the foreigner bought as readily as he did the products of American farms and fields. As to that subtler branch of foreign commerce, the export of capital; it did not exist. Since young America possessed not a tithe of the fluid wealth necessary to its own development, it patently had none to spare for investment overseas.

The outstanding feature of our early foreign trade was, therefore, this: American exports virtually sold themselves. Not even with their ultimate destination were we vitally concerned. That matter was generally left to European middlemen. The problem of the old-time American exporter was thus a simple one. It consisted mainly in obtaining primary goods from American producers and getting them to a port-town on the Atlantic seaboard for foreign sale. With the conquest of new foreign markets or the defense of old ones from pushing alien rivals he had slight concern. The foreign markets were bidding for his wares beyond what the limited transportation facilities of the day could normally supply.

## Our Ignorance a Luxury

**F**ROM this fortuitous situation arose a second salient feature of early American foreign trade: acquaintance with foreign affairs was not essential to business success. American historians have explained the secret of our long political isolation and the success of American policies like the Monroe Doctrine by the fact of the European 'Balance of Power'—a balance so nicely adjusted that no European nation was ever strong enough to risk our enmity lest its European rivals should 'call in the New World to redress the balance of the Old.' For this reason the average American citizen could, until yesterday, afford to ig-

nore the shifting drama of world-politics, secure in the intuitive perception that no turn of the unfolding plot would suddenly menace American national safety.

**T**HIS country now holds the greatest reserve of gold the world has ever seen. On it, as a secure base, rests our national, state, municipal, corporate, and private credits. Let it be seriously diminished and the volume of credits that we can give is thereby diminished also.

There are but few ways in which this reserve on which our credits depend, can be adequately protected from economic attack. Among these methods are loans abroad, investments abroad, sales abroad, services abroad. By one or another of these methods or by combinations of them we can keep the current of exchange so flowing that our gold reserve may resist serious diminution.

In so doing we conserve our power to give credit, which is to say our power to do business on a large scale. This means employment, activity, occupation. We are becoming accustomed to loans abroad. We are beginning, but as yet only beginning, to make investments abroad on any considerable scale. We must hold as fully as we can the volume of our foreign commerce intact.

If we fail to take these economic movements at their true value, the result will be upon our own heads and we shall have only ourselves to blame. We may, indeed, continue as a going concern, but we can not hold a place of financial and industrial and commercial power in the world unless we keep the credit-giving power.—Secretary of Commerce Redfield.

But what has not been sufficiently explained is the fact that our political isolation was closely paralleled by a corresponding aloofness of American business life. Yet this was profoundly true. Just as the developments of world-politics would sometimes be an annoyance but never a peril, so the reactions of world-politics to world-economics might embarrass, but could not jeopardize, our foreign trade. War and revolution in the Old World might cut American exports to this or that market, but the general European demand for American exports was so diffused and stable that (save for a few years during the Napoleonic Wars) the economic, like the political, balance was never destroyed. Hence, the American, whether as business man or citizen, could afford the luxury of ignorance in world-affairs, feeling that, whatever happened, his larger interests would come out aright.

That halcyon time has, however, utterly passed. And this applies to business as truly as to politics. For just as no move on the diplomatic chessboard can now be of in-

difference to American statesmen, so no reaction of world-politics to world-economics can henceforth leave American business men unconcerned. The day when our exports were agricultural staples and Yankee notions is over. America's industrial development, leaping the bounds of even its vast home-market, has invaded the world-market with countless manufactured products, the standardized staples of every industrial nation. American raw material is progressively earmarked for American consumption, and what surplus still remains is exposed to sharpened competition from newer and more rural lands. America's prosperity will hereafter be increasingly bound up with the success of the American manufactured article and the American export-dollar in the outer world.

This success will not be automatic. These American exports will not sell themselves. The present-day American business man has not, like his grandsire, been born with a silver spoon in his mouth. To capture and retain foreign markets with his manufactured staples, he must be prepared to face the most grueling competition that the world has ever seen. The Great War will leave all the industrial nations lean, hungry, and semi-bankrupt. They will stick at nothing to raise themselves from their misery and upbuild a new prosperity. This prosperity can come only through successful foreign trade. To win his rightful place in the ruthless struggle of the morrow, the American business man can neglect no weapon in the armory of commercial strife.

## Business and World Politics

**O**F course this is perfectly obvious to all intelligent business men, and able measures are to-day being taken in every department of the economic sphere to prepare America for the coming struggle by endowing business with that complex of industrial, commercial, and financial tunings-up summarized in the word "efficiency."

Every business man is coming to realize that this word efficiency is of very wide content. He now realizes, for example, that the best goods on the home-market will not inevitably succeed abroad. He knows that, to succeed, they must be suitably placed, properly packed, skillfully drummed, and backed by appropriate credits and banking.

But what every business man does not yet realize is that such purely economic considerations are not the whole story. For the successful development of foreign trade and investment, much that falls outside the

(Concluded on page 40)







**I**F you imagined that all Chinamen were laundrymen—you have another idea coming. This photograph shows the main plant of a Chink shoe factory on a sunny street corner of Shanghai. China has a record number of small craftsmen of every sort. Soon, with the further invasion of machinery, most of them will go the way of the discarded queue. Then, Mr. C. Suey, cobbler, happily at work beside his iron tub, will become—who knows—who would venture to say? Just now one hundred thousand of them are behind the lines in France—building roads, replanting forests, digging trenches. The French declare that the Chinaman has the thinnest of skulls and the quickest of brains



# THE HOLE IN THE WAR POCKET

Behind Sixty-Cent Bacon and Thirty-Four Cent Cotton Lie a Few Economic Principles—Told Here For All Who Pay Bills

By B. M. ANDERSON, JR.

*Assistant Professor Harvard University, Member Committee of American Economic Association on Price Fixing*

FOR two or three years the press has been full of discussion of "rising prices," rising cost of living and "falling value of money," as if these three expressions all meant the same thing. In point of fact, however, they do not mean the same thing. Before we can say that we have rising prices we must look not only at commodity prices at wholesale but also at prices of stocks and bonds, of lands and houses and of labor. The rise in wholesale prices has been very considerable. It reached its crest for 1917 in July, when the price-average of the Bureau of Labor Statistics (called an "index number") showed a rise of 85%, or in other words stood at 185% as compared with 100% in 1913. From July to December the average of wholesale prices fell to 181% of pre-war prices. Since December there has been a rise to 187% in March.

But there has been no such rise as this in what is called the cost of living. The cost of living is not concerned with wholesale prices, but with a special set of retail prices, with house rents and other things that enter into the budget of a family. Moreover, when we speak of the cost of living we commonly have in mind the laborer's family. Investigations of the Bureau of Labor Statistics show that the average cost of living for laborers' families in the shipbuilding districts in New York City rose about 44½% for 1917, as compared with 1914—just about half the rise in wholesale prices by July of 1917. Clothing for these families had risen 34%; furniture and furnishings 56½%; food 55%; fuel and light 20%, but house rents had risen scarcely at all,—much less than would ordinarily be the case in a three-years' period in New York City. The rise in house rents had been from the middle of 1914 only 2.63%.

Nor can we conclude from the mere rise of the cost of living or of commodity prices at wholesale that the value of money has fallen. In a general way, under ordinary conditions, a rise in general commodity prices may be taken as a sign of a fall of the value of money. On the law of chance it is more likely that the one commodity, gold, will change in value than that three hundred commodities taken

together will change in value. If one commodity goes up in value another will go down to offset it, so that the average value of three hundred commodities is more likely to be stable than the value of one commodity, gold. But this general reasoning may well be upset under conditions of a great war. When 50,000,000 men are withdrawn from

their prices have not risen. Coffee is a striking case. Coffee sold on the New York Coffee Exchange for \$0.13 a pound in 1913 and sold for from \$0.07 to \$0.08 a pound in 1917. India rubber is another case. Perhaps even more to the point is the course of house and apartment rents in the United States. Figures in the shipbuilding district of New

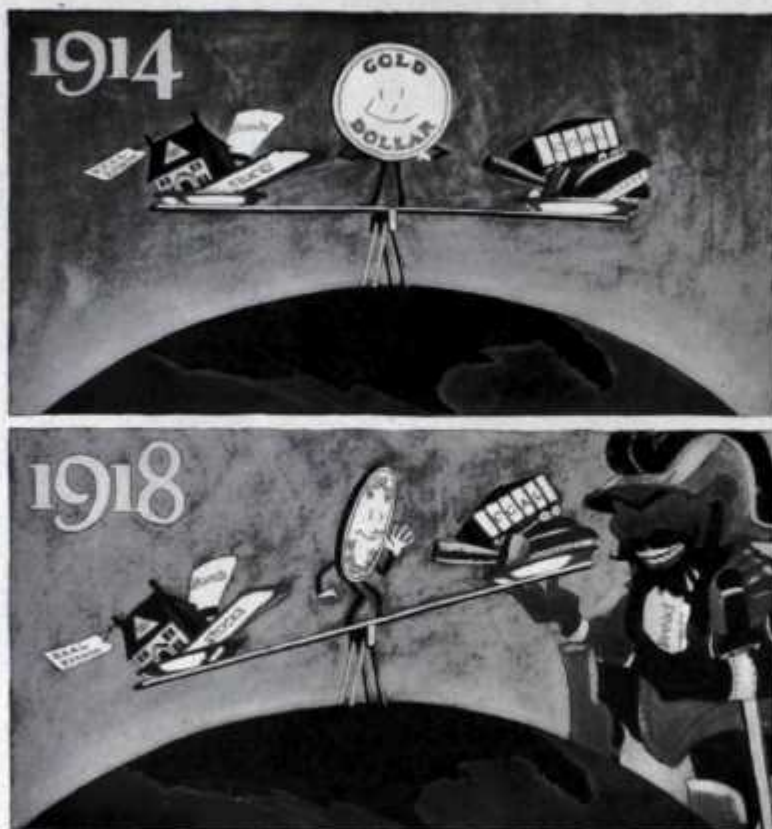
York, given above, show almost no changes, despite the fact that building operations have been greatly curtailed during the past two or three years. Later investigations by the same bureau in shipbuilding districts at a number of Atlantic ports and in the Gulf show slight, if any, rises in rents, the general average being less than 2.63% in New York, and positive declines appearing at a good many places on the Gulf. Other investigations show no rise in average rents in Boston and Chicago, and substantial declines in rents in a number of smaller towns. Had the value of money fallen, rents would have risen. (Of course rents have risen in a few places like Washington City, where there has been a very unusual congestion of population.)

The dollar will now buy very much more of stocks and bonds and real estate than before the war. We have had almost panic conditions in the real estate markets of Boston and New York. The average of stock prices in December of last year was about 62% of the best prices of 1912, and the recovery since December has brought the

average little, if any, above the low point in the panic of 1914. If the value of money had fallen, common stocks and real estate would have soared far beyond their present level.

## U. S. Dollar Good As Gold

IN all the belligerent countries of continental Europe the rise in prices has been due in part to a fall of the value of money. Bank notes in France, to a greater extent in Germany and Italy, and to an appalling extent in Russia, have depreciated below the gold in which they are supposed to be redeemed. Prices, therefore, have risen much higher than they would have risen in those countries had the gold standard been maintained. In the United States, however, the dollar is as good as gold.



labor and set to work destroying the products of labor, when industry and transportation are demoralized, goods in general grow scarce. Men and governments make every possible sacrifice to get the vitally needed goods for the war. Even in neutral countries an enormous proportion of the land, labor and capital is diverted from producing goods for ordinary civilian consumption to producing materials for war. Here, then, is a simple and entirely adequate explanation of the rise in commodity prices in the United States.

Commodity prices have risen, not because the dollar has grown less valuable, but because goods for ordinary civilian consumption have grown more scarce and valuable. Wherever commodities can be found which have not grown more scarce, it will be found that



The value of money and the value of gold mean one and the same thing with us.

This was not true in the Northern States during the Civil War. With the beginning of 1862 the banks and the Federal Treasury suspended specie payment, and bank notes and Treasury Demand Notes promptly went to a discount. The Greenbacks issued shortly thereafter also went to a discount. It was possible to measure the extent of the depreciation of the Greenbacks very readily in the gold market in New York where gold was freely sold for Greenbacks. The Greenbacks fluctuated in value with their prospect of redemption. Whatever affected the credit of the Federal Government affected the discount on the Greenbacks. During a few days around the Battle of Gettysburg the price of gold in Greenbacks fell from \$1.45 to \$1.22, reflecting the growing confidence in the success of the Federal arms. The battle of Chickamauga in a single day led to a 4% drop in the Greenbacks. In July of 1864 when General Early, threatening the capture of Washington City, got within ten miles of the city unopposed, the Greenbacks fell to their lowest point—thirty-five cents on the dollar.

#### Civil War Unlike Today

THE high prices of the Civil War period were chiefly due to the fall in the value of paper money. Commodity prices and the price of gold moved fairly closely together. Commodity prices at their highest during the Civil War rose about twice as much as wholesale prices have risen during the present war in the United States. Goods had not by any means risen in value, however as much as has been the case in this war. The Civil War was comparatively a small and localized conflict. Goods could go into the Northern States from all parts of the world. Production was greatly stimulated by war conditions, and despite the very substantial destruction of commodities in the war, there was nothing like the world-wide scarcity in goods that this war shows. The Civil War prices reflected a fall in the value of money; prices today reflect a rise in the values of goods.

Another way in which the depreciation of the Greenbacks was measured during the Civil War period was in the foreign exchanges—in, say, the number of Greenback dollars required to purchase in New York City a check for a Pound Sterling, payable in London. This index also varied in the closest conformity to the price of gold in the New York gold market. It is not now possible to measure the extent of the depreciation of paper money in Europe by either of these methods. There are no free gold markets in Europe today. The exchange of paper money for gold at a discount is forbidden by all belligerent governments on the Continent, while interruption of the international movements

for gold prevent the foreign exchanges from giving an accurate picture. There are also complications due to the fact that the Swedish and Spanish governments have stopped the free coinage of gold.

#### Gold Supply Affects Prices

OVER long periods the gold dollar has changed substantially in value. From 1873 to 1897 there was a general world-wide fall in prices. This fall was due in some part to the declining value of goods, as new agricultural areas were opened and as improved methods of manufacturing were developed, but the chief reason for this fall in prices was a growing scarcity and growing value of gold. The annual production of gold fell off decidedly through these years, and a great increase in the consumption of gold took place as population grew and as various countries adopted the gold standard, requiring more gold in their currency.

Again, from 1897 to 1914 was a period of pretty steadily rising prices. During this period there was some rise in the value of goods. Agricultural production especially increased much less rapidly than in the earlier period, but here again the main cause of the change in prices was gold, and not goods. The annual production of gold expanded rapidly from the early nineties to 1909 or 1910, and there was a world-wide fall in the value of that precious metal.

But during the period of the present war the main change in the value has been in goods, not gold. There has not even been a general rise in prices in terms of gold. What has taken place is a shift in emphasis, leading some prices to rise and other prices to fall. Goods and services for immediate consumption, and particularly goods needed for war, have risen greatly. On the other hand, stocks, bonds and real estate, long time income-bearers, have sunk in value as they have been sacrificed by governments and peoples to get money for the purchase of goods for present use, essential if life is to be sustained and the war to be won.

Going with this there has been a rise in the long-time rate of interest, again reflecting a discount on the future. These three changes—(1) a rise in present goods, (2) a fall in long-time income bearers and (3) a rise in the long-time rate of interest, are merely different aspects of a general transformation in the price system. The gold dollar, meanwhile, has proved itself an accurate measure of value,—a good monetary yardstick, correctly registering the rise in present goods and the fall in future goods.

Or, changing the figure, gold stands at the center of a see-saw, while goods, at one end, go up, and investments, at the other, go down.

It is true that the stock of gold in the United States has increased during the war period by something over 50%, and under ordinary peace conditions such an increase might well be expected to lead to the substantial decline of the value of that metal; but this war is a period of danger and uncertainty, and in such a time gold, the one sure liquid asset which can survive the wreck of credit systems, the one certain resource to which men can always turn with confidence, takes on a new significance. Our banks are conserving their gold jealously; they are gathering it in central reservoirs. They know that they will need it—if

not during the war, at all events as soon as the war is over, to meet the shock of the abrupt change in the balance of international payments and to aid our Allies to regain the gold standard at an early date. Gold has not sunk in value.

Much has been said of "inflation" in the last two or three years. Probably no two writers will define the term "inflation" in the same way. The present writer regards it as a vague and indefinite term which he prefers not to use in his own discussion. What many writers seem to have in mind by it is a rapid expansion of bank loans and deposits which causes a rise in prices. The figures of price changes in 1917 should lead to a re-examination of this theory. The rapid rise in commodity prices in 1917 was from January to June, before the heavy borrowings by the Federal Government with the accompanying expansion of bank credit. The crest of the Annalist Index Number of food prices was reached in May, 1917, in a figure which has not been reached since. As above stated, the Bureau of Labor Statistics Index Number showed a decline after July. Meanwhile prices of stocks and bonds and real estate dropped steadily and heavily from July. To the present writer it seems that the casual relation between bank credit and prices is more apt to be the reverse of that asserted by this theory. In other words, expanding bank loans and deposits are more frequently the result than they are the cause of rising prices. Bank credit expands when prices rise, bank credit expands when trade grows active, bank credit expands when production increases.

#### Lower Prices After War

WITH the decline of stock prices, for example, the volume of stock collateral loans in New York City was rapidly reduced. After the war, it may be confidently predicted, commodity prices will fall and bank loans connected with them be correspondingly reduced. Stock and bond and real estate prices and bank loans connected with them will increase. Business men do not borrow and pay interest at the bank for amusement. When they cease to have need of bank loans they pay them off. Bankers do not make loans without what they consider good security merely because they have the ability to make loans. Bank credit provides a mechanism by which value changes are accomplished, but it is more a reflection than a cause of value changes.

It is however true that Government bond issues have a peculiar power in forcing expansion of bank loans and deposits, since patriotic rather than commercial motives animate the banker in granting such credits, and since the needs of Government are so urgent (Concluded on page 47)





# AFTER THE LAST SHOT

## Freer Combinations, Private Banking, Alien Labor—With These Weapons British Business Plans to Wage the Battles of Peace

**P**OLICIES in commerce and industry, after the war, have been under consideration in England for two years. In addition to committees to which have been assigned special subjects, a large general committee, appointed by the Prime Minister, has been active, and its final report has now come to hand.

The transition period first engages the committee's attention. During the period of readjustment it would prohibit importation of goods from countries now hostile, except as special licenses might be issued. With respect to important raw materials, such as cotton, wool, vegetable oils, and hides, it would have provision for a joint international organization among allied countries which would see that the needs of allied countries are met before hostile countries have access to the supplies they control.

Governmental control of trade and industry in England the committee believes will have to continue, in a measure, for some time in order that adequate supplies of food and of raw materials may be assured, and that they may be properly distributed. It urges however, that restrictive measures be confined to the narrowest possible limits and that they should be directed toward the restoration of normal industrial conditions within the shortest possible time, subject to the essential needs of England and its obligations toward allies.

Policy regarding the merchant marine is difficult to decide, according to the committee, which makes no recommendations for the reason that another committee appointed by the government is making exhaustive inquiries and will later present a report. About one thing, however, the general committee is of no uncertain mind; it wants no return of the pre-war condition of affairs with British builders of merchant vessels and their engines obtaining as much as 60 per cent of their steel forgings from abroad, and mainly from Germany, and about 25 per cent of their steel castings from Germany and Austria. The pre-war situation with respect to these supplies was a phase of a larger condition of affairs which the committee desires to have prevented in the future; for before the war German control of sources of important supplies for England extended to spelter, tungsten, magnetos, dyes, artist's colors, photographic

developers, fine chemicals, synthetic drugs, hosiery needles, artificial abrasives, piano actions, etc.

Development of resources within the British Empire the committee thinks desirable, but it

suggests encouragement for production of sugar, and as to articles like iron ore, copper, and lumber suggests special committees to study the particular circumstances and make plans. In the development of resources the committee would not exclude foreign capital (other than from countries now hostile), except in the case of articles of vital military importance, including tungsten, monazite sand, manganese, and petroleum; after the war it would terminate the present exclusion of friendly foreign capital from rubber lands in the Malay states. To watch the course of industrial development with respect to supplies of importance, and recommend schemes for production, a permanent Special Industries Board is suggested.

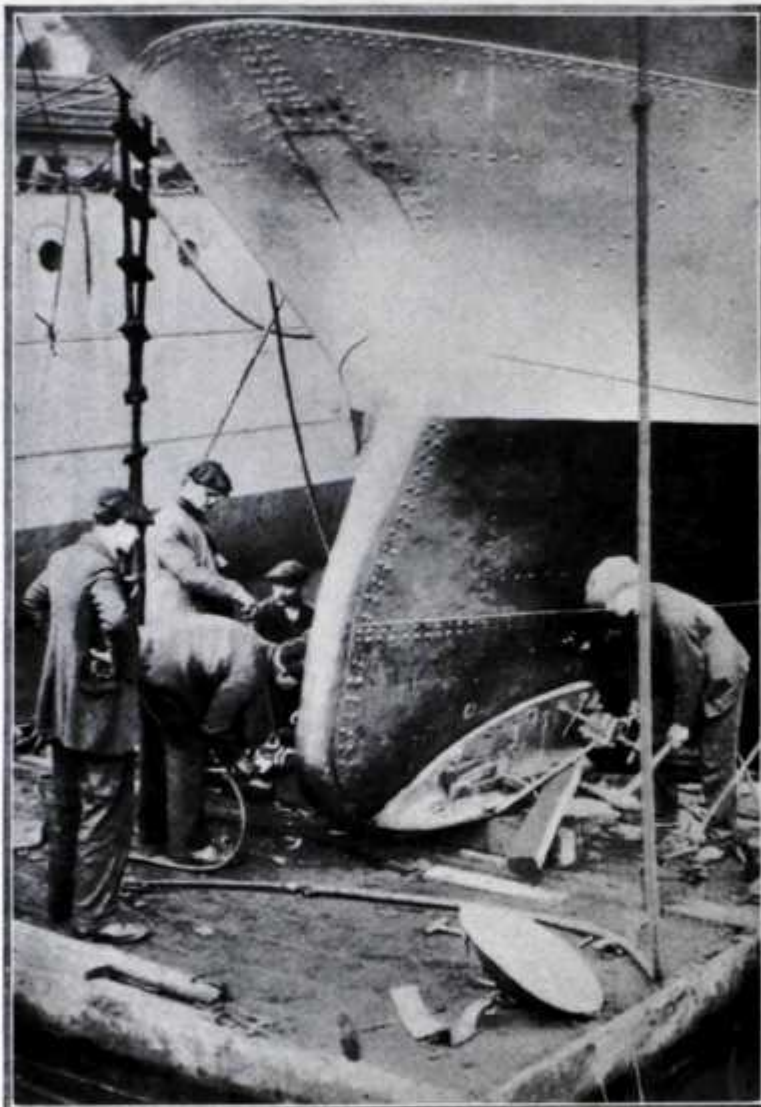
Perhaps acting upon the suggestion of the report, British owners of interests in oil wells, copper mines, zinc mines, and the like, wherever they may be, were forbidden to sell to any alien or to any foreign-controlled company.

The participation of aliens in commercial and industrial occupations in the United Kingdom the committee thinks generally advantageous, but at any rate for a period after the war it would have alien enemies admitted only under stringent permit and police regulations.

Cooperation and coordination in industry and commerce the committee considers essential to the policies it has in view. That there are many organizations in existence it agrees, but it finds they have not commanded active and constant interest of their trades in such a manner as to make them authoritative. Lack of official recognition, indefiniteness of purpose, and reluctance to pool information the committee would have remedied. It would have concentration in British organizations and no more entangling alliances such as existed before the war when there were international arrangements, especially with Germany, respecting such di-

verse commodities as wire netting, aniline oil and sulphur black, glass bottles, tobacco, and zinc. Cooperation in the export trade in coal, in iron and steel, and in textiles is in the mind of the committee.

All of this cooperation is not understood by the committee to be novel among nations. From the committee's point of view it is defensive against condi- (Concluded on page 44)



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They are giving her a clean pair of heels—to kick with. She is one more spike in the German coffin. In a year Germany has sunk 685,863 more tons than England and America could produce. But soon our weight will tell on the balance. Hog Island, backed now by every yard on the Gulf, the Atlantic, the Pacific, and the Lakes is multiplying this British picture by hundreds. We're late starting, but—now we're on the way!

does not support the projects of the Dominion's Commission, which it calls very ambitious, and perhaps not immediately practicable. The committee, in fact, desires to see plans in this direction formulated through experience in developing resources of individual articles; by way of example, it approves the committee which has already been organized to extend the growth of cotton within the empire. It



# The Shipbuilders

by Borton Braley

**T**HERE'S a hurry call a-ringin' out for "Ships! Ships! Ships!"

To be a steamin', fully loaded, from a thousand slips;  
It's up to us to build 'em through the nights and days,  
Keeping vessels growin' on the shipyard ways.  
Start the bellows hummin', keep the furnace fed,  
Get the rivets heated to a right bright red;  
We'll knit the plates together as the hammers slam,  
Crammin' in the rivets, jammin' in the rivets, rammin'  
in the rivets

For our Uncle Sam!

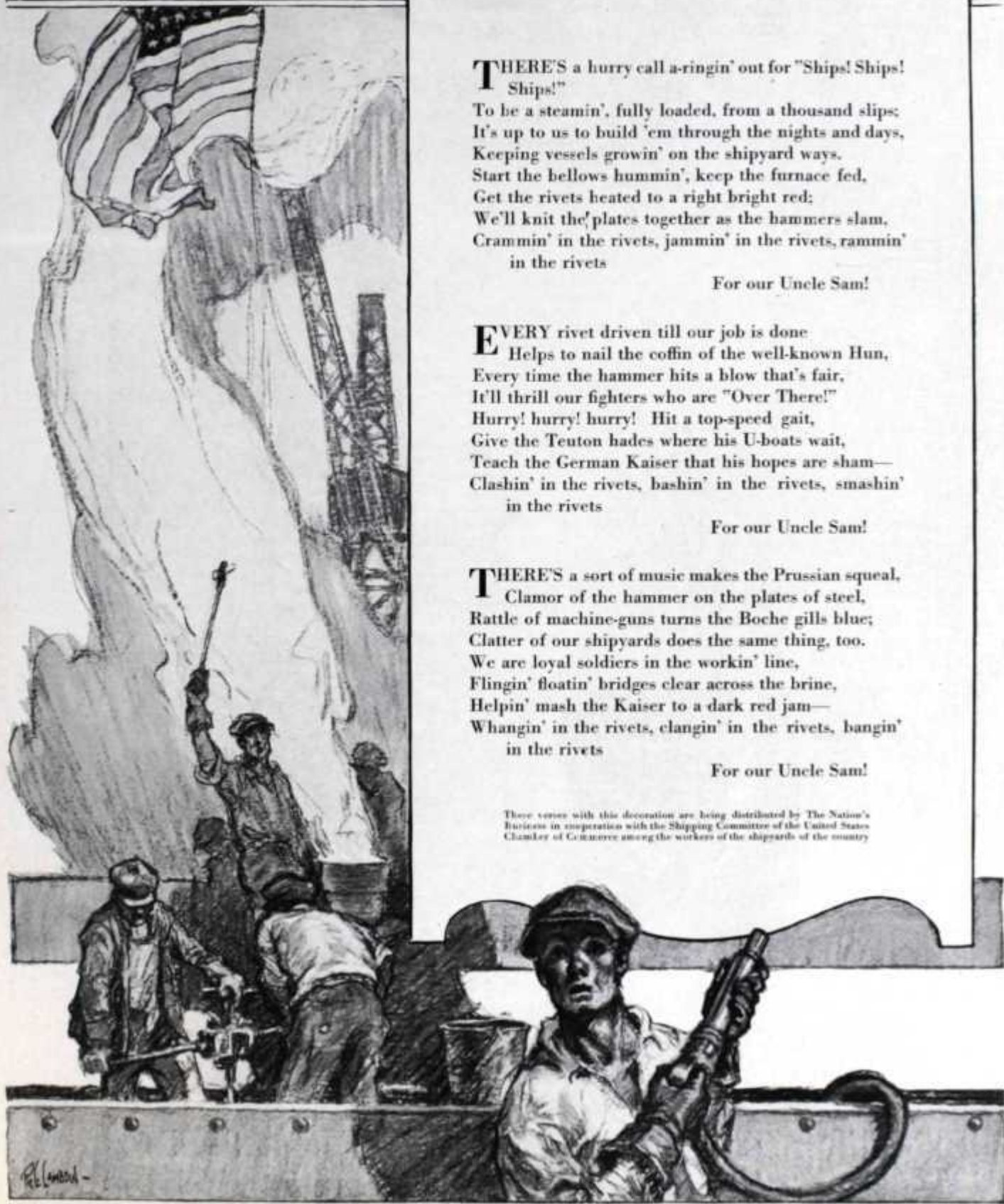
**E**VERY rivet driven till our job is done  
Helps to nail the coffin of the well-known Hun,  
Every time the hammer hits a blow that's fair,  
It'll thrill our fighters who are "Over There!"  
Hurry! hurry! hurry! Hit a top-speed gait,  
Give the Teuton hades where his U-boats wait,  
Teach the German Kaiser that his hopes are sham—  
Clashin' in the rivets, bashin' in the rivets, smashin'  
in the rivets

For our Uncle Sam!

**T**HERE'S a sort of music makes the Prussian squeal,  
Clamor of the hammer on the plates of steel,  
Rattle of machine-guns turns the Boche gills blue;  
Clatter of our shipyards does the same thing, too.  
We are loyal soldiers in the workin' line,  
Flingin' floatin' bridges clear across the brine,  
Helpin' mash the Kaiser to a dark red jam—  
Whangin' in the rivets, clangin' in the rivets, hangin'  
in the rivets

For our Uncle Sam!

Three verses with this decoration are being distributed by The Nation's Business in cooperation with the Shipping Committee of the United States Chamber of Commerce among the workers of the shipyards of the country







**H**AVE I made it plain in previous notes that in one page like this not more than a hint can be given of either the riches of the older books, or of the scores of printed things of high value to men of business which each month gives us? I hope I have. I try to mention here only things worth while; but I try much harder to make you of my opinion that, today, as never before, the man who wins is the man who reads,—or commands others to read for him. Somehow, by some road, the story of the last thing done in your line of work,—no matter when it was done,—must come to that man in your enterprise who can and will apply it to that enterprise's advantage. You may not need a library in your shop or office; you certainly do need an open road from the world's daily output of information to the brains of those who are directing your affairs. It is this open road I am pleading for. You will need it more than ever after the war. Germany for years applied learning to industry, and commerce, and war; and Germany was,—so high authority assures us,—the world's most efficient nation when it was misled into war. Be sure that after the war all great nations will be eager to supply learning to business,—and we should be most eager.

A wise American long ago said that the greatest civilizer in the world is selfish, hustling trade. It uncivilizes, too, at times, for it has helped move men to countless conflicts and even to the present great war. But it makes for exchange of thoughts as well as of goods. It compels co-operation and enforces peace. And now comes a great American trader, who carries his wise use of books outside of his business office and, in a volume he calls the "Romance of Commerce," gives us the inspiring story of the travels of mankind toward civilization along the highway of trade.

This is worth noting,—that our greatest American farmer, Emerson, years ago brought the world's philosophy to his fireside and gave it forth again in wise sayings like that I quoted above; and that now another American, a world-famous trader, H. Gordon Selfridge, takes to London the philosophy of business he had worked out in America, carries out a great enterprise, and then, in a very noble volume, lets the story of man as a trader show that Emerson's saying is indeed true.

His book is published by John Lane Company, N. Y., 1918. \$3.00. It begins with the earliest bartering and ends with modern retail distribution. It shows how the world's markets were discovered and opened, how the great men on the commercial Roll of Honor did their work, and how imagination, en-

## A White List of Business Books

Learning Made Available For You

By JOHN COTTON DANA

thiasm and energy have again and again combined to do what seemed impossible.

One cannot become an expert in any calling without knowledge of its past and of its methods of growth. This is as true of the trader as of the lawyer or doctor. If this is true then the trader will find practical value as well as pleasure in Mr. Selfridge's book. It is full of portraits, diagrams, and of drawings of harbors, warehouses, and the tools of trade, old and new.

So much for a great book on commerce, a book that would, I am sure arouse and urge to greater effort ten thousand, yes, a hundred thousand, of our shop, store and office workers if it could be put in their hands.

Next comes the humble pamphlet, that form of print which is at last coming into its own. Today the pamphlet is grabbed for by the seeker of the new and helpful almost more than is the journal. It is brief, it is small, it slips into pocket or valise, notes go on the cover, pages are marked or pulled out, and altogether it is the typical printed tool of modern trade,—as well as of science.

### A Tempting Array

This particular pamphlet is for the *Retail Grocer* and tells him about *Accounts*. It is a college product. It comes from Harvard University, from its graduate school of business administration; and let me say that if your line is business administration and you do not have an eye on Harvard publications, you may miss much that could be of great use to you. This one has 16 pages and several accounting blanks and costs 50 cents, unless you are helping Harvard collect business data, and then it costs you nothing. No retail grocer may read these lines? That is not important. The important thing is the man who reads these lines and says, "Well!

Harvard University and the Retail Grocer! This is new and shows me that I can't tell where my best business points may come from and that I must keep everlastingly watching out!"

*Hiring the Worker*, by Roy W. Kelly. Ronald Press, 1918. \$3.00. Shortage of labor, due to the war, is affecting all business and methods of getting and keeping employees. This book will help to systematize your labor supply; to diminish loss by labor turnover; to keep records of employees so that transfers and promotions may be used to advantage; to train employment managers; to prepare records and instruction booklets; and to work

out the costs of an employment department.

*Applied Psychology*, by H. L. Hollingworth and A. P. Poffenberger. Appleton, 1917. \$2.25. A knowledge of the fundamentals of psychology is sought by many business men today. They recognize its value in selling,

advertising and employment departments and in all executive work. The usual text-book on psychology includes much that relates only remotely to business. This rather remote material is omitted in this book. It is carefully prepared and is more dependable than most of the books that have appeared on this subject.

*The Human Side of Business*, by Frederick Pierce. Philadelphia, 1917. \$2.00. Sets forth the bond business and the personal factors to be considered in the selection and training of bond salesmen. It gives also full description of methods of bond houses and of selling bonds by a member of a large investment house.

*How to Run a Retail Automobile Business*, A. W. Shaw Company, 1917. \$1.35. Methods for cutting down expenses and increasing sales; cost figures that point to better profits; cost of doing business; cutting down overhead; equipment that lowers cost; increasing profits in taxicabs; selling of old cars; a simple cost-accounting system.

*Income and Federal Tax Reports*, by John A. Conlin. Prentice-Hall, 1918. \$3.00. Contains text and explanation of the Income Tax Law, war excess profits tax, explanations and decisions, and details for making income tax returns.

*Farm Accounting*, by H. T. Scovill. Appleton, 1918. \$2.00. The farmer needs a method of accounting suited to his business. This book provides methods for a farm of moderate size or a large farm plant managed on scientific principles.

*The Virgin Islands of the U. S. of America*, by Luther K. Zabriskie. Putnam, 1918. \$4.00. Commercial and industrial facts and figures, and the resources of our latest territorial acquisition, by a former vice-consul of the United States at St. Thomas. In export trade for American manufacturers, our island possessions offer more opportunities than South American countries, because of the fewer restrictions placed on such commerce by the federal government. Of the country to which export trade is desired; of the customs and needs of its people; of the things they have previously had to import; of transportation and banking facilities,—knowledge of these is essential to the would-be exporter, and this book gives it, covering our latest purchase.

### The Federal Angle

*FEDERAL Rules and Regulations*, compiled by John A. Lapp. B. F. Bowen, Indianapolis, Ind., 1918. \$7.50. This is a companion volume to his "Important Federal Laws." Today, Federal laws, rules and regulations affect every kind of business. A few of the topics here included are: Standard Container Rules; Safety Appliance Standard Rules; Grain Standards; Interstate Quarantine Regulations; Registration of Prints and Labels; Meat Inspection Rules; (Concluded on page 44)







THE ALLIES have 125,000 motor trucks in military service; the merchants of America depend on 425,000 more to move their goods. 3,000 miles of trucks—the distance from New York to Liverpool!

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# DOLLAR BILLS and DAILY BILLS

Today, the one whose lot it is to make the dollar bills meet the daily bills needs the combined qualities of a financier, a diplomat and an expert accountant—with the powers of a magician held in reserve.

Every opportunity to add to the housekeeping allowance and reduce expenditures is readily accepted by thrifty guardians of the pocketbook.

One of the best, most practical and substantial helps is found in the *ZM* Green Stamp—the Standard American Discount for Cash.

This little token has been a symbol of Thrift since introduced in 1896. The trend of the times emphasizes its value and the soundness of the principle upon which it is founded.

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## A Detector For Foreign Trade Traps

(Concluded from page 32)

sphere of technical economics is involved. And one of the least obvious, yet most vital, of these extra-economic considerations is the connection between business and world-politics.

Business has long since ceased to be a closed compartment of the economic domain. Even in his home affairs the modern business man must be a person of broad understanding. For example: he must be something of a scientist in order to confer intelligently with the scientific experts whose collaboration he requires; he must be something of a sociologist in order to insure harmonious cooperation with his working-force and to adapt his methods to the evolving standards of his community; he must be something of a politician in order to safeguard his interests and further his aspirations. But as soon as his activities cross the national frontier, the business man assumes fresh knowledge-responsibilities. Having entered the realm of world-business, he must become a student of world-politics. No mere mastery of technical economics, however complete, will suffice. To enter the field of foreign business without a good knowledge both of the local politics of the particular country concerned and that country's relation to the general world-political situation is to court disaster.

### The Price: More Education

NATURALLY, this fact, stated as a general principle, is a truism recognized and assented to by every intelligent member of the business community. And it is equally true that a majority of those men now engaged in foreign business activities are already acquainted with foreign politics, some among them possessing as sure a grasp of world-affairs as is to be found among business men of any land. The point here emphasized is the necessity for a general levelling-up of such knowledge throughout our business community, in order that the leaders may have behind them the quick response and intelligent cooperation of the entire business body in the specific situations which shall arise. Just as, in political life, the statesman, however farseeing, can rarely act much in advance of public opinion, so, in business life, the leaders are always hampered by the dead-weight of an uninformed and unresponsive business community.

The only way to raise our business community to the required level is by the self-education of its members. And that is not going to be easy. Mere assent to general principles will not do. World politics is an exceedingly involved and highly technical matter. It requires a solid historical background, it needs a fair acquaintance with international law and diplomacy, and it necessitates constant attention to those various forms of human activity summarizable by the phrase "keeping up with the times." This will prove a difficult undertaking for business men already engrossed in a round of established interests and burdened with daily routine. Yet it must be done if American business is to enter, upon even terms, that grim struggle for foreign markets which looms so insistently on the horizon. Our traditional isolation is a heavy handicap. The average American business man to-day knows far less about world-affairs than do the generality of his competitors. This handicap must somehow be abolished.

Of course, we are not suggesting that our business community should transform itself

into a corps of profound students on world-politics. That would be a mere counsel of perfection. The raising of the average to the level prevailing among our sharpest business rivals will amply suffice. Deeper knowledge can be left to those immediately engaged in foreign trade and investment. Here, too, a corresponding raising of the existing level is needed. The Great War has further complicated matters already immensely involved. With the world in flux and the ultimate settlement a thing of high uncertainty, a sure grasp is more than ever required to analyze present conditions and gauge future tendencies. Things like nationalism and internationalism, racial sympathies and antipathies, popular psychologists and shibboleths, class rivalries and revolutionary ferment, abstruse though they may appear, may exert a decisive influence upon a given commercial or financial transaction; while so small and sensitized has the world become that an event in one locality may react portentously in the remotest corners of the earth. These eventualities should be acutely present in the consciousness of every man engaged in foreign finance or trade. One must possess that quick perception and sure judgement which come only from intimate knowledge if he is to make sound decisions and read the omens aright.

In the solution of these problems the business man will find his best collaborator in the trained expert on world-affairs. Such experts have long played an important part in the business life of other lands, and it is safe to say that no great European commercial or banking establishment conducts its affairs without this type of counsel. Of course this is to some extent true of America; but highly qualified experts in world-politics are with us still few, while of those who to-day exercise this function in American houses many are really specialists in other lines like international law or finance, with world-politics more or less an intellectual by-product. Such men are prone to regard a problem in world-politics from the angle of their particular specialty. This means oblique vision, and a lack of that synthetic grasp normally possessed only by him who surveys the whole field from a central vantage-ground and who has made that field peculiarly his own. Very delicate specialization is here required. Nothing else will quite do.

### Politics Is Now Business

FROM this brief survey of the relation of world-politics to American business, one basic fact seems clearly to emerge: a certain deficiency in our intellectual equipment to-day exists which must be repaired if American business is to play its rightful part. And that part is assuredly worth while. In the domain of foreign trade, so vital to our future prosperity, no inherent obstacle prevents us from standing in the front rank among the peoples of the earth, while in the field of foreign investment and finance, America, now become a creditor nation, has equally brilliant possibilities. The outcome will depend largely upon a wise choice of opportunities.

To steer a safe course through the rock-strewn waters of world-business, no better guide exists than the chart of world-politics. It offers us foresight. The alternative is hindsight—in other words, experience. And, as old Ben Franklin once remarked: "Dame Experience always sets a dear school."



# 3 + X = 34

The ingredients in varnish are simple—usually three—gum, turpentine and oil. The requirements of varnish are complex—in the case of the United States Signal Corps for Airplane work they number 34 specifications.

Between the three simple ingredients and the satisfaction of the thirty-four conditions there is one vital interval, and that is the process of manufacture.

No book tells exactly how to make varnish. No college teaches the process. No process is invented over night.

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Air-Plane Rexpar is a definite combination of the correct processes and the correct ingredients. It meets all the specifications designated by the U. S. Signal Corps for Airplane work. It was ordered by the U. S. Government because it passed all tests and could be had at a reasonable price and in any quantity. Their recent order is the largest individual order for varnish on record.

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1. Protect wood.
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  3. Protect doped cotton.
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  8. Resist water.
  9. Resist natural gas.
  10. Resist illuminating gas.
  11. Have proper brushing qualities.
  12. Have proper flowing qualities.
  13. Have proper covering qualities.
  14. Have suitable body.
  15. Dry dust free rapidly.
  16. Harden rapidly.
  17. Be elastic.
  18. Be clear.
  19. Be transparent.
  20. Be highest quality.
  21. Match a fixed color solution.
  22. Be durable.
  23. Not flash below 5 degrees Fahrenheit.
  24. Not whiten under water.
  25. Not dull under water.
  26. Not show defects under water.
  27. Stand air test during application.
  28. Stand air test during drying.
  29. Meet a fixed setting test.
  30. Meet a threefold drying test.
  31. Meet a severe bending test.
  32. Be inspected before shipment.
  33. Be inspected at destination.
  34. Prove durable under fixed test.
- Sherwin-Williams Air-Plane Rexpar meets all these requirements.*



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From Flax Seeds

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## Ladies of the Lakes

(Concluded from page 13)

They will not. The maximum draught of lake vessels is twenty feet and the freeboard (the distance from the water line to the deck) is low. So low that it is possible to retain one tier of cabins, provide the necessary pontoons and still keep well within the forty-five feet width of the lock chambers. Impossible? If it were impossible the United States Shipping Board would not be drawing plans today for a group of 9000-ton cargo steamers to be built upon the Great Lakes in 1919 and to be carried out to sea in just this fashion.

This group of really sizable cargo carriers—the exact number not yet determined but probably not more than a dozen—for the 1919 programme is in addition to 120 standardized steel ships of 4200 tons each and six of the present 3500 type; all of these 126 to be of "canal size." That they are all of steel is a credit to the resources of the yards upon the shores of the Great Lakes.

### No Clouds in Sight

STEEL, raw material of almost every sort—despite the pressure from the big shipyards of the Atlantic coast—is coming in steadily enough to give the shipbuilders of the Lakes no concern whatsoever as to their ability to comply quite fully with the programme requirements both for the present year as well as for 1919. Of labor, particularly of the unskilled type, there is no shortage. The largest of the companies is employing today in its six construction yards, nearly 14,000

men. Putting these men upon the eight-hour basis—for, as a matter of fact, it is really employing them an average of ten hours a day—here is the legal equivalent of 16,000 standardized ship builders. And neither the problems of housing nor of local transportation have loomed portentously upon the inland seas. Cities such as Buffalo, Cleveland, Toledo, Detroit, Chicago, Milwaukee and Superior can easily absorb many thousands of additional workers without deranging their living plans or their street railway schedules.

### Team Work Wins

ONE thing more. The record of the Great Lakes in this national emergency is being written as one of vast achievement. It is not a dramatic story—not full of color as Hog Island or some of the other great new plants upon the Delaware or other portions of the seaboard. But it is a record of accomplishment nevertheless and back of it—probably the large reason for it—is a record of many years, not of mere cooperation but of absolute coordination between the railroads, the ships, the mines and the manufactories of the great inland industrial district of America. Our blessed inland seas are measuring to their task of carrying food and fuel and iron ore and then calmly building ships for the salt seas—in quantities that the wildest dreamer might not even have imagined in the placid days before the coming of the war. The performance justifies an almost extravagant praise.

## Our National Print Shop—Its Job

IMAGINE a publishing house which distributes annually more than 40,000,000 copies of its publications, whose operating expenses are upwards of \$7,000,000 a year, which has an army of nearly 5000 employees, yet which has never issued a "best-seller" and seldom if ever sees one of its books mentioned in the reviews. Imagine that and you imagine the Government Printing Office at Washington.

In that big establishment, the Government conducts the greatest free dispensary of knowledge in the world. True, the total output is not to be had for the asking. Some of the departments have curtailed free distribution, placing publications on a sales basis, thereby whetting the public appetite for them and insuring their reaching the hands of persons really interested in them.

Millions of these publications, however, are still free as air. Members of Congress send them out by the carload and get requests for many other carloads which they cannot grant. Take, as an illustration, the Yearbook of the Department of Agriculture, whose latest issue was an illustrated volume of 783 pages filled with a variety of information on agricultural subjects. Each member of Congress receives a quota of something like 812 copies for free distribution, so that, all told, an edition of more than 400,000 copies is disposed of in this way every year. The Yearbook is a popular publication and its distribution a matter of concern to the members. The book is said to be of absorbing interest to flat-dwelling voters in New York, Chicago and other large cities.

Judicious use of Government publications by members has cemented more than one political friendship and "straightened out"

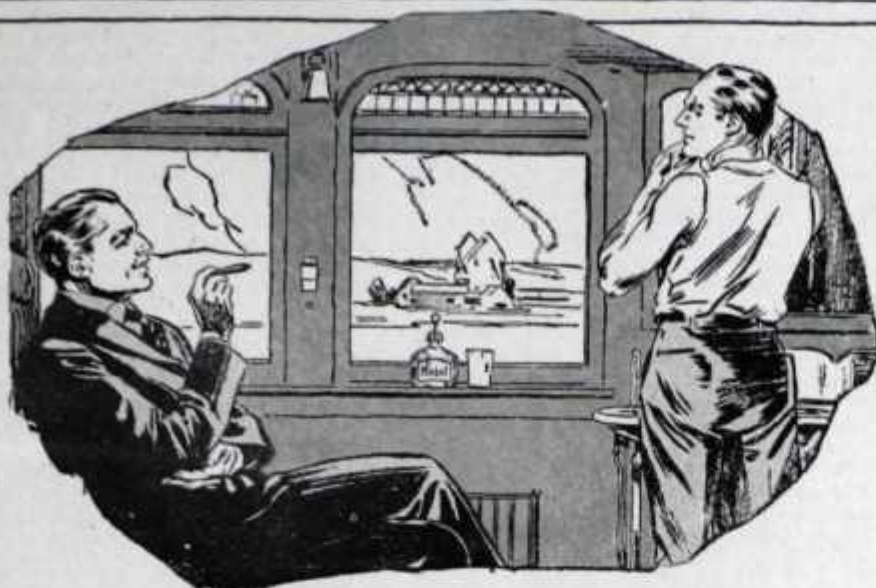
more than one disgruntled constituent. Injudicious use, on the other hand, has made many an erstwhile supporter of a Congressman "madder" than the proverbial wet hen. "Send him a document" is a popular formula, meaning that when a member can't satisfy the demands of a constituent he probably will try to keep him in good humor by the gift of a Government publication.

### A Resourceful Senator

AT times more zeal than tact is evidenced, with the result that all of the king's horses and all of the king's men can't pull the Congressman and his constituent together again. Not so very long ago a man who wanted to move to Washington asked his Senator to get him a "nice dacent" Government position. Salary, \$2000. Working hours, not to exceed two a day. The applicant must have the rest of the time to establish himself in private business. While he was waiting, suitcase packed, for a telegram saying "come," he received a letter expressing the Senator's deep chagrin at the oversight of the Government in not providing such berths. By the same mail arrived, with the Senator's compliments, a Government monograph on animal parasites.

These Government publications, however, have uses other than political. They embody the results of investigations by Governmental agencies into hundreds of different subjects, and "House Document Number So and So" may be the unpromising front of a publication of value to a business or technical man. These men are learning in increasing numbers that they can have the benefit of these investigations at the cost of printing, and the sale of documents grows each year.





(Frank Graham, who has just finished a comfortable dining-car breakfast, sights along the barrel of his cigar and discovers that the man at the wash-stand is none other than his able and sensible friend, Arthur Edwards, salesman.)

## Is Edwards Your Man?

GRAHAM: Hello, Edwards! You on this trip—what's that bottle of yours on the window-sill?

EDWARDS: That—I'll tell you by asking you a question.

GRAHAM: (amused) That's fair enough—go ahead.

EDWARDS: What was the first thing you ordered in the dining car this morning?

GRAHAM: Why, let's see—I needed a little mineral water, and—

EDWARDS: That's it! Mineral water! Well this bottle here has made me see my last drop of mineral water! That's Nujol. You've seen it advertised, I guess.

GRAHAM: Sure. You troubled with constipation much?

EDWARDS: I'm not troubled with it at all, but I would be if it weren't for that bottle.

GRAHAM: Good, eh?

EDWARDS: Life insurance. I've been on the road a long time. You know, taking orders from a time table. Well, I've got a good system, but it wrecked me. The hours, the fifty-seven different varieties of drinking water, the small-hotel food, all combined to make me careless about keeping clean inside.

Then whenever my bowels didn't act regularly I took a pill or some salts, and pretty soon I had the habit.

GRAHAM: The habit?

EDWARDS: Yes. You know—the "gimme-something-for-constipation" habit; the druggist shoots you a glass of soda with some salts or a box of powerful laxatives. You get action, all right, you feel weak for a day, and next time you need a stronger dose. That habit cost me a three-months layoff.

GRAHAM: As serious as that, eh?

EDWARDS: Yes sir. The company had just taken on an examining doctor for the sales staff, and when my turn came for examination the doctor said: "You quit, right now, until you're well." "I'm not exactly sick, Doc," I said. "You're going to be *exactly* sick," he said, "if you don't do as I tell you. You've got a residue of food-waste in your large intestine; it's getting harder to dislodge every day, and what's more it's decaying and breeding disease germs that spread all through your system. You're sick on your feet right now—the third case I've found today. You fellows on

the road are just inviting serious disease through constipation.

GRAHAM: Did you tell him about the cathartics?

EDWARDS: Yes, and he said "More poison—draws all the natural water out of your system—makes it harder to get rid of the waste." He put me on Nujol. And Nujol put me on my feet. And since then it's been keeping me on my feet.

GRAHAM: How do you account for it?

EDWARDS: Just this: Nujol is harmless—has no effect on the system except a mechanical one—softens and lubricates—so your body goes right on *building* while the Nujol works. It works slowly and gently—not like a drug. The more regularly you take it the better you feel. I'd no more be without it than my toothbrush. I'm through with drugs. (He pours out a tablespoonful.) Well, Graham, here's your health!

GRAHAM: Your health, I should say! But it's going to be *my* health in the future. Let me take a good look at that bottle so that I can get some when we get in. I guess you've talked me into insuring my health in a common-sense way.

For your own protection insist that the druggist give you the genuine Nujol, in a sealed and capped bottle, bearing the Nujol trademark in red—*never otherwise*. Nujol is *absolutely pure and harmless*. Inferior substitutes may give unpleasant results. Genuine Nujol sold by all druggists in the U. S. and Canada.

Send 50 cents and we will ship new kit size bottle to U. S. soldiers and sailors anywhere. Write for attractive free booklet on the Nujol treatment. Section 5. Nujol Dept., Standard Oil Co. (New Jersey), Bayonne, N. J.

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2109-G

## A White List of Business Books

(Concluded from page 38)

Rules for Importation of Vegetables and Fruits.

*Advertising and Selling Price*, by John B. Opdycke. A. W. Shaw Company, 1918. \$1.25. A text-book covering principles of advertising and selling. Useful to a business house; but put in proper form for a school or college course. Includes history of advertising and selling, and a chapter on selling policies. The list of authorities covers 19 pages and includes books in print in the United States and England up to March, 1917. It is perhaps the most complete list now available.

*Business Law*, by Thomas Conyington. Ronald Press, 1918. \$4.00. A well-indexed working manual covering the law in its application to business; for example, negotiable instruments, employment, insurance, partnership and corporations and bankruptcy.

*Cooperation, the Hope of the Consumer*, by Emerson P. Harris. Macmillan, 1918. \$2.00. The author has made a study of cooperative stores in Europe, and his experience as a storekeeper, and as editor and publisher of adver-

tising and selling periodicals has been admirable preparation for the writing of this book. In it he shows the failure of our middleman system, and presents cooperation as a means of reducing waste. He treats also of establishing and running cooperative stores and buying clubs, cooperative salesmanship and cooperative advertising.

*How to Sell More Goods*, by H. J. Barrett. Harper, 1918. \$1.50. Not a book of theory; but of suggestions that a salesman may apply to his own problems. Points are made by rather clever stories which make it pleasant reading.

*Handbook of Ship Calculations, Construction and Operation*, by Charles H. Hughes, naval architect and engineer, published by Appleton, 1918. \$5.00. A book of reference for ship-owners, ship officers, ship and engine draftsmen, marine engineers and others engaged in the building and operating of ships. Many men have recently taken up work connected with ship building. This book will give them technical details, tables, definitions, etc.

## After the Last Shot

(Concluded from page 36)

tions that already exist in other countries. In fact, the committee thinks that in combination and consolidation the United States has during two decades far outstripped England. It concludes that American anti-trust legislation has failed in its purpose, and recommends for England legislation after the model of Canada's Combines Investigation Act, with its provisions for an investigation upon complaint of six persons, and publication of any certificate, as a result of the investigation, that a combination exists which is injurious to trade or to producers or consumers.

Having gone so far, the committee specifically recommends combinations among British manufacturers. It would have their agreements about prices and markets enforceable in the courts. That there may be some supervision it would allow a government department to require confidential information.

The British Trade Corporation, which has already been established, the committee welcomes as an assistance to development of British industries and trade, to obtaining orders in connection with new enterprises abroad,

and for financing the resulting contracts.

At the same time the committee withholds its sanction from the Imperial Bank of Industry which the Empire Producers' organization has advocated. Such an institution in close association with the government would lead to extensive official interference with the actual conduct of trade, and that is a situation the committee does not desire. Besides, it considers recent experience has demonstrated that British banking is efficiently conducted in private hands, and in normal times can meet the needs of industry better than an official or semi-official institution.

The report is an elaborate and closely reasoned document, and goes on to deal with dumping, customs tariffs and commercial treaties, and even with the decimal system and British coinage. That with any preciseness it represents the programme which England will follow is extremely doubtful, especially in view of some of the criticisms that have already been passed. In any event, however, it affords a very interesting basis for the discussions out of which policies will come.

## Business Divides the Cost

(Continued from page 15)

question of amortization of plants engaged in war work a most important one. As these profits end with the war, such amortization cannot be based on ordinary wear and tear and, as the duration of the war is unknown, no correct percentage for amortization can now be ascertained. It is suggested that where concerns are engaged partly in war work and partly in the output of their ordinary product the government fix an arbitrary percentage for depreciation of that part of the plant used exclusively for war work.

If the tax payer is not satisfied with this, he could make a larger depreciation on filing with the government an approved bond securing the payment of the additional tax if it finally appears that the depreciation is too large, or paying the amount of difference in tax into the Treasury

to be held in trust until the actual depreciation is determined. On the other hand, if it turns out that the depreciation was not large enough, the taxpayer would be entitled to an allowance on future federal war taxes sufficient to cover his over-payment.

While war profits will largely cease at the end of the war, heavy federal taxes will not, and there will be opportunity

**Exclusive War Work** for adjustment for businesses that continue. This, however, will not apply to concerns engaged exclusively in war work, as no opportunity for post-war adjustment will be open to them. In such cases it is suggested that the depreciation charge be left entirely optional with the taxpayer, provided that the percentage once selected shall not be changed while the law is in operation, and provided further that if under (Concluded on page 44)



# I've Found a Better Way to Write Payforms -



"We've had a good system for writing the names, numbers and amounts on our payforms—but here is an even better way. We can relieve the clerical help situation somewhat, and that is what we want to do all through the office.

"This little desk Addressograph fills out the pay sheets, time cards and pay envelopes, with names and figures, ten times faster than any clerk could do it by hand. And I am even considering using it for filling in the names, amounts and dates on dividend checks we have to send out regularly.

"Neat as a particular French maid, and it cannot possibly make an error. Mistakes occasionally cause embarrassment in the old handwriting method, but the machine is absolutely accurate.

"It is a paying proposition on payrolls as small as 100 names. Costs less than a typewriter. If we double our plant later, as we expect to, there are larger Addressographs to take care of any size list. But for the present this Hand Addressograph will relieve our clerk shortage problem just right."

*Ask for Information* as to what equipment will be of most value to you in relieving the help situation in your office. You can use the Addressograph as thousands of others are doing. State number of employees. No obligation.

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Long Island City

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*N. B.—We will gladly give you the benefit  
of our many decades of experience on  
White Metal Alloys you are interested in.*

## Business Divides the Cost

(Concluded from page 44)

this method of depreciation the plant is en-  
tirely charged off, it shall immediately  
become the property of the Government.  
The previous owner should have the option  
to purchase within a reasonable time at a  
price sufficient to reimburse the govern-  
ment for loss of taxes by reason of too rapid  
depreciation with interest. After such pur-  
chase no further amortization should be al-  
lowed. It should also be provided that any  
addition to or renewals of plant or equipment  
of such concern, made during the operation  
of the law, should be immediately depreciated  
to the level of the rest of the plant.

If at the end of the war the plant has not  
been entirely charged off, and it appears too great deprecia-  
tion has been made, the govern-  
ment shall have a lien on  
all assets of the concern for the adjustment of  
the tax.

**Excessive Depreciation** One possible means of inducing adequate  
savings may be mentioned. In New Zealand

**Extra Tax** income taxpayers are required  
to subscribe a certain per-  
centage of their income to gov-  
ernment bonds. A more elastic arrangement  
would doubtless prove more satisfactory to  
taxpayers. This could be accomplished by  
imposing a further tax of ten per cent in ad-  
dition to whatever may be regular rates of

income tax. Taxpayers might then be al-  
lowed the option of paying the additional tax  
or buying three or four times the amount of  
the tax in bonds.

**Special Character-  
istics** These bonds, might be called economy  
bonds. They would be registered and non-  
transferable until one year  
after the close of the war;  
they would be ineligible as a  
basis for rediscounts at Fed-  
eral Reserve Banks, and all  
bankers would be urged, as a patriotic duty,  
not to grant loans to facilitate their purchase.

Further, in order to gain exemption from  
the extra tax, the taxpayer would be required

**Payment from Savings** to state in his income tax  
return that he had purchased  
his quota of economy bonds  
only from savings, and that

his holdings of securities and other property  
were the equivalent in value of those which he  
owned at the beginning of the previous year.  
The adoption of an arrangement of this kind  
would furnish the individual citizen with a  
powerful motive for economy and would set  
free much labor and materials for war uses.  
It would also diminish materially the extent  
to which the further expansion of credit will  
be required to finance the war, and so enable  
us to escape the burdens attendant upon a  
further advance in prices.

## Government Control: The First Mile-Post

(Concluded from page 18)

line." The operating officials make an effort  
to relieve congested gateways and congested  
ports by sending shipments through the less  
congested gateways and unloading them at  
the less congested ports.

In the organization and methods of the  
operating departments of the roads other  
changes have been made, changes formerly  
impossible because the pooling of revenues and  
consolidation of competing lines was forbidden.  
Now, however, a single government official is  
the operating head of the entire transportation  
system. Lines formerly competitive are now  
operated as separate divisions of one road.  
And all revenues are pooled.

### The Big Sensation

IN each of the seven regions in which the  
entire country has been divided for operating  
purposes the Director General is represented  
by a regional director who is responsible for  
the operation of all of the railroads in his  
region. Each road has, or soon will have, a  
federal manager who is its chief operating  
official, who owes allegiance only to the Rail-  
road Administration, and who reports to the  
regional director.

The big sensation came when the Director  
General announced that he would appoint  
a federal manager for each road. It was in-  
terpreted to mean that every railroad presi-  
dent in the country was out of a job. The  
panic was unwarranted. The announcement  
meant that the chief operating official of each  
of the roads would be made responsible to the  
Railroad Administration instead of owing al-  
legiance partly to the Administration and  
partly to the owners. The Director General  
asked each of the railroad presidents to remain  
in charge of his road until a federal manager was  
appointed. He then consulted with the  
regional directors. In many instances he has  
appointed as federal manager either the presi-

dent of the road when he was the chief operat-  
ing official, or the operating vice-president  
when he was the man really in direct charge.  
In every case, however, these officials have  
been required to resign all other railroad  
connections and become government officials.

In some instances where the president has  
not been appointed federal manager he still  
retains his connection with the road, being  
elected by the stockholders an official of the  
corporation and receiving a salary that is  
paid from corporate funds instead of being  
charged to operating expense. He still de-  
votes his efforts to advancing the interests of  
the owners of the road.

Unified operation has wrought some  
magic changes. An interesting example is  
what happened to the passenger terminal of  
the Pennsylvania Railroad in New York City.  
In the old days it landed its passengers in the  
heart of the city, while the Baltimore & Ohio,  
the Lackawanna, the Erie and other roads  
were obliged to land theirs on the Jersey side  
of the river and to send them to Manhattan  
either by ferry or through the Hudson tubes.  
Now, the Administration has ordered the  
Baltimore & Ohio to run its trains into the  
Pennsylvania terminal.

### The Main Issue

SUCH, in substance, is the record as it stands  
toward the first week of July. No practical  
railroad man, can scan that record without ap-  
preciating the vast significance of this first  
chapter of the story.

As for the future, that must be allowed to  
take care of itself. Who can tell what the  
American people will want to do with the  
railroads when it is no longer a question of  
making every sacrifice in order to win the war?

Just now we will do well to cultivate Presi-  
dent Wilson's philosophy of the open mind.  
Today the war's the thing.



## The Hole in the War Pocket

(Concluded from page 35)

in war times that other considerations have to be neglected. It is, therefore, highly important to stress the advice which bankers, government officials, and economists have been constantly giving that the people should buy Liberty Bonds rather than leave them for the bankers to buy, and that the people should pay for the bonds out of current income rather than by borrowing from the banks. Even here the most important thing is that the people should reduce their consumption, and so free labor and capital to produce the war supplies that the government must have. We have probably reached our maximum power in aggregate production. What we should strive for for the rest is curtailing non-essential production and consumption, thus freeing both our funds and our labor and supplies for the government's needs.

It is a superficial view which would regard high commodity prices under present conditions as an evil. They are symptoms of an evil, namely *scarcity*, but they tend to correct that evil. High prices have enormously stimulated production. The physical volume of production in 1917 in the United States was probably thirty per cent greater than in 1914. And high prices have greatly curtailed consumption, forcing drastic economy on the people. Only by producing more or by consuming less can the real evil, scarcity, be met. Our high prices have done good, rather than harm.

Professor Anderson in an early issue of *The Nation's Business* will contribute another paper on economic principles of fundamental importance today.—Eckros.

## Our Industries on Tap

(Concluded from page 10)

of committees. Some of its members are in Washington every week. Few days pass that it is not called on by the government for aid in meeting some one of the many industrial problems constantly arising.

When the history of the war is written, with its account of industry's part in the great struggle, few stories will read more inspiringly than that of the enlistment and participation of business. And in that story the part of the War Service Committees will have large space.

How one industry is readjusting itself to perform war service is told in the story of General Pershing's call for a vast quantity of surgical instruments. American producers found they were unable to meet the demand. Their business had been stimulated to the point where it could be enlarged but little more. To their aid have come the manufacturers of jewelry who have just obligated themselves to supply all the surgical instruments needed for overseas medical work while the regular manufacturers take care of the domestic trade.

What the jewelers are doing is what hundreds of other industries are preparing to do. They are getting ready to relieve their overburdened neighbors and at the same time to hold together their establishments until normal business is restored.

What is new is often not true; but in business to-day what is old never is.

Wise men lay up knowledge,—in their minds; wiser men also keep it handy on the shelf.

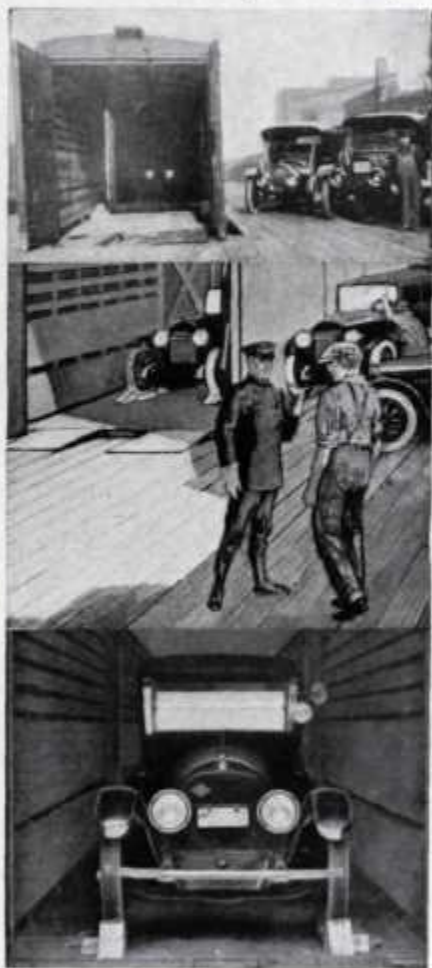


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New York

## Heroic Industry of Farmers

(Concluded from page 19)

belt, nor anything as yet to indicate other than a much larger production than usual. The same story is true of cotton despite continued dry weather in much of western Texas. But cotton is a dry weather plant, and in west Texas and neighboring eastern New Mexico being "bone dry" it has almost crystallized into a habit.

Briefly summed up, the story of the crops is one of generally high condition and much promise despite those local exceptions, which are an invariable accompaniment of every growing season. Much of this is due to the ceaseless and intelligent industry of the farmer, which is in evidence now as never before in the history of the country.

### The Agricultural Prophets

FOR a long number of weary and often discouraging years, the silent and unnoticed work of the men of the federal Department of Agriculture and of the agricultural colleges of the state universities has been that of constructive patriotism, although it often seemed as if such efforts were as the voice of one crying in the wilderness. Yet now they have become the headstone of the corner of an intelligent system of agriculture in these troublous days when the Old World largely depends upon us for subsistence. How vast is the volume and production of this agriculture may be judged from the story of some of its minor accomplishments. That of shipments of fruits and vegetables now averaging nearly 10,000 car loads per week; of a peach crop in Georgia which will net the producers about eight million dollars, and of tomatoes grown solely for canning on 200,000 acres.

In the world of business the dominant factor is the increasing restraint and curtailment which government needs are placing upon domestic activities in many lines. Coal and many raw materials can be had only in certain proportions. One immediate and very practical effect is the harking back to essentials only in many branches of manufacturing and the consequent cutting out of finishes which are ornamental rather than useful, and of sizes and patterns which are the results of

whim and caprice rather than of need. In one line of familiar tools—hammers—the assortment has been reduced from about 400 to 354 kinds.

The efficiency of labor in general is still at a low ebb due largely to the unrest which finds expression in constant change of employment. This is especially marked in boys under the draft age, who are particularly difficult to handle. This difficulty has led many employers to try women in jobs heretofore filled entirely by men, and the results, on the whole, have been satisfactory.

### Women Versus Boys

IT has soon become evident that the efficiency of these new female workers is almost entirely a question of management. They can not be handled to advantage after the fashion of handling men, and the real problem seems to be as to whether certain traits are merely the result of centuries of tradition and inheritance or else the ineradicable instincts of the eternal feminine. The most effective plan seems to be that of a woman foreman, who understands women as a man can never hope to understand them, who can neither be worked nor cajoled, and who is at once a friend and a monitor. Under such conditions there generally develops in the women employees, the instinct of team work, a serious and abiding interest in their jobs, and a dependability and permanence (unless marriage intervenes) which it is difficult to find in the young boys who now constitute a large part of the available floating supply of labor.

Map changes reflect principally the favorable or unfavorable effect of the weather upon the crops in a few scattered localities. The volume of domestic business still continues large in dollars and cents, despite the distinct decline in many lines of the volume of tonnage. The most striking and significant feature in commercial life is the widespread and general acquiescence in whatever the necessities of war demand, because of a growing purpose to subordinate all else to the one common end.

## The New War Tax: Determining Your Share

(Continued from page 31)

House on August 19, and the right to divert water for power at Niagara Falls has been extended another year. Legislation for rehabilitation of crippled soldiers has been enacted, and the Federal Board for Vocational Education has set about its task. Amendments to the law under which soldiers' dependents are cared for have been enacted. The powers of the Shipping Board are on the point of being extended. The question of prohibition of sale of alcoholic beverages during the war has come to the front prominently, and debate in the Senate will proceed on August 26. In other words, the grist of legislation has continued without abatement in volume, and a deal, in addition to the revenue law, remains to go through the legislative mill this year.

### Increases by States

THE collections of income tax for 1916 and of income and excess-profits taxes for 1917 may now be roughly compared for most

of the states. These comparisons cannot be interpreted literally, as they reflect not only increased rates in 1917 but reduced exemptions and perhaps even different degrees of efficiency in collectors. At the same time, they may in a measure indicate the relative distribution of the industrial activities of war. The figures are:

|               | For 1916    | For 1917     | Per cent increase |
|---------------|-------------|--------------|-------------------|
| Alabama       | \$1,087,000 | \$23,000,000 | 2,000             |
| Arkansas      | 483,000     | 5,000,000    | 930               |
| California    | 10,017,000  | 77,000,000   | 670               |
| Colorado      | 2,847,000   | 25,000,000   | 770               |
| Connecticut   | 7,922,000   | 78,000,000   | 870               |
| Florida       | 632,000     | 4,000,000    | 530               |
| Georgia       | 1,829,000   | 6,000,000    | 770               |
| Hawaii        | 1,272,000   | 8,000,000    | 520               |
| Illinois      | 26,000,000  | 275,000,000  | 950               |
| Indiana       | 3,494,000   | 28,000,000   | 700               |
| Iowa          | 1,807,000   | 14,000,000   | 680               |
| Kansas        | 2,917,000   | 26,000,000   | 780               |
| Kentucky      | 1,645,000   | 20,000,000   | 1,110             |
| Louisiana     | 2,082,000   | 21,000,000   | 910               |
| Maryland      | 3,348,000   | 75,000,000   | 2,140             |
| Massachusetts | 20,000,000  | 166,000,000  | 730               |
| Michigan      | 10,000,000  | 71,000,000   | 610               |
| Minnesota     | 6,532,000   | 58,000,000   | 780               |
| Missouri      | 7,112,000   | 60,000,000   | 740               |
| Montana       | 1,074,000   | 7,000,000    | 640               |



|                |             |             |       |
|----------------|-------------|-------------|-------|
| Nebraska       | 1,047,000   | 11,000,000  | 950   |
| New Hampshire  | 519,000     | 21,000,000  | 3,940 |
| New Jersey     | 10,871,000  | 71,000,000  | 650   |
| New Mexico     | 382,000     | 7,000,000   | 1,730 |
| New York       | 128,000,000 | 689,000,000 | 330   |
| North Carolina | 1,791,000   | 20,000,000  | 1,010 |
| Ohio           | 20,000,000  | 230,000,000 | 1,050 |
| Oklahoma       | 6,659,000   | 19,000,000  | 170   |
| Oregon         | 819,000     | 10,000,000  | 1,110 |
| Pennsylvania   | 42,000,000  | 493,000,000 | 1,050 |
| South Carolina | 570,000     | 7,000,000   | 1,100 |
| Tennessee      | 1,380,000   | 14,000,000  | 900   |
| Texas          | 5,192,000   | 24,000,000  | 340   |
| Virginia       | 2,430,800   | 21,000,000  | 750   |
| Washington     | 2,042,000   | 17,000,000  | 730   |
| West Virginia  | 1,930,000   | 45,000,000  | 2,230 |
| Wisconsin      | 3,995,000   | 38,000,000  | 830   |

### What Different Jobs Pay

STATISTICS which indicate the percentage of persons in different occupations paying taxes are not available for 1917, but they become public this month for 1916. They show the number of persons then filing income-tax returns,—i. e., with net income exceeding \$3,000:

|   | Number as per census of 1910 | Per cent filing returns |
|---|------------------------------|-------------------------|
| Architects  | 16,613                       | 8.54                    |
| Authors, editors, reporters, etc.   | 38,750                       | 8.53                    |
| Clergymen   | 118,018                      | 1.42                    |
| Engineers—Civil, mining, etc.   | 58,963                       | 11.24                   |
| Lawyers and judges  | 112,149                      | 18.97                   |
| Medical profession—Physicians, surgeons, oculists, dentists, nurses and other medical specialists | 291,942                      | 6.97                    |
| Public service—civil  | 382,138                      | .78                     |
| Public service—military   | 77,153                       | 7.08                    |
| Theatrical profession—Actors, singers, musicians, etc.  | 167,607                      | .55                     |
| Teachers—From kindergarten to university; also school and college officials                       | 614,905                      | .47                     |
| Agriculturists—Farmers, stock raisers, orchardists, etc.  | 6,047,615                    | .24                     |
| Real-estate brokers—Agents and salesmen   | 125,862                      | 4.88                    |
| Stock and bond brokers  | 13,729                       | 20.68                   |
| Brokers—All other   | 36,016                       | 0.77                    |
| Commercial travelers  | 268,522                      | 4.57                    |
| Insurance agents and solicitors   | 88,463                       | 8.19                    |
| Lumber men  | 12,263                       | 10.76                   |
| Manufacturers   | 235,107                      | 10.05                   |
| Merchants and dealers—Storekeepers, jobbers, commission merchants, etc.                           | 1,246,077                    | 4.36                    |
| Mine owners and mine operators  | 14,287                       | 17.88                   |
| Saloon keepers  | 68,215                       | 1.92                    |
| Theatrical business—Owners, managers, etc.  | 31,418                       | 2.58                    |
| All other business  | 101,868                      | 18.26                   |

### Corporation Tax Returns in 1916

STATISTICS based on income-tax returns are also available for corporations in 1916. These figures dispel any illusion that corporations are all makers of profits, and at the same time may roughly indicate the relative prosperity of different industries in the year in question.

|  | Per Cent showing net income | Per Cent of total tax paid by this industry |
|--|-----------------------------|---|
| Agriculture and animal husbandry               | 48                          | .80   |
| Extraction of minerals                         | 43                          | .9  |
| Manufacturing:                                 |                             |   |
| Food, etc.                                     | 20                          | .3  |
| Textiles                                       | 29                          | .4  |
| Iron and steel                                 | 73                          | 12  |
| Lumber and products                            | 69                          | 1   |
| Leather and products                           | 79                          | 1   |
| Paper and printing                             | 71                          | 2   |
| Liquors, and etc.                              | 71                          | .94   |
| Chemicals, etc.                                | 65                          | 8   |
| Stone, clay, and glass products                | 64                          | 1   |
| Metal and products (other than iron and steel) | 68                          | 6   |
| Public utilities                               | 68                          | 17  |
| Banks  | 92                          | 4   |
| Insurance companies                            | 81                          | 1   |
| Merchandising companies                        | 68                          | .5  |

### War Relief Organizations

A CHECKED list of war relief organizations, showing those which have been examined and found to be thoroughly trustworthy, has been prepared by the Charity Organization Society of New York, 105 East 22d Street. This Society has had a large number of these organizations audited by expert accountants and offers its findings for all who wish to be informed as to what money gathering associations can be thoroughly trusted.

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## Analysis of Liberty Bond Issues

We have prepared for the use of investors a concise comparison of the several issues of Liberty Bonds.

The table shows the yields and essential details of the six issues outstanding.

A copy will be sent upon request for H-86.

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## New List of Government Buyers

A PAMPHLET, "Purchasing Offices of The United States Government," has just been issued by The NATION'S BUSINESS and is available to readers.

It contains a list of the purchasing offices of the government, revised to date, and an outline of the government's purchasing organization outside of Washington.

It will be sent to subscribers on request.

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## Credit Across the Sea

INTERNATIONAL Control is a thing of which most of us run afoul in these times, but without any very clear notion about the principles of the organization with which we have come into contact.

The *Commission Internationale de Ravitaillement* is one of the important bodies which has a deal to do with the great scheme of international trade today in the articles required by allied governments. That this organization is a real affair would appear from its staff alone, numbering over 1,500 persons. Originally created within two weeks of the beginning of the European war to coordinate the purchases of France with England's financial efforts, it has expanded as other countries entered the war against the Central Powers it now has in its membership delegates from such governments as Japan, Italy, Portugal, Greece, and Brazil, as well as of the United States. Besides, there are representatives of other international bodies such as the Inter-Ally Wheat Executive and the Inter-Ally Meat and Fats Executive. As the banker for the war combination of European allies, England has been able through the Commission, to act intelligently and with waste reduced to a minimum.

## Body To Be Permanent?

THIS international body has importance not only because of its present functions but also for the reason that a similar organization is under contemplation in England for the period of reconstruction, when it may still be important that allied governments should not bid against one another in obtaining supplies, machinery, ocean tonnage, and the like.

The delegates of the allied governments forward to the British Government their requirements for materials of war and machinery or raw supplies needed for their production. In view of the requirements of all, priorities of manufacture and shipment from each source are there established and arrangements are made for payment against the articles that have been provided. If requirements are in excess of supplies, special arrangements are made for purchase through such agencies as the British Ministry of Munitions, which deals with metals, or the British War Office, which handles military equipment.

## Government Over All

THE Commission deals not only with direct purchases but also with requests of private firms for permission to manufacture in England and export upon contracts with allied governments. A request for this permission has been endorsed by the representative of the government that will be supplied. It is then examined by representatives of British war-making departments, and if prices are exorbitant, the contractor not reliable, or any other impediment appears, the contractor does not receive permission to manufacture or to export. The international control exercised by British government departments directly and through priorities makes their decision final.

## The Gospel of Economic Truth

THE voice of the people is neither the voice of God nor is it the voice of wisdom if the minds of the people are untrained to think soundly. There is a science of political economy. Some of its principles are as definite



as laws of mathematics. It makes understandable principles and laws that can no more be broken with impunity by a nation than moral laws can be carelessly regarded by an individual. I believe sound thinking in regard to the principles of political economy to be one of the greatest needs of this nation. We are a country of economic illiterates. I know of no illiteracy more dangerous to the welfare of a commonwealth. Whatever need there has been in the past for the leaders of the country to think soundly, there is going to be a still greater need in the future."

This quotation is from an address before The Bankers' Club of Chicago by F. A. Vanderlip, President of The National City Bank of New York. Sound economic principles—the morality of business! The sons of bankers, of managers, of industrial leaders, supposedly the leaders of the business world in the next generation, are being grounded in this morality in their colleges. The leading economists take the facts given them by business leaders and by induction arrive at the principles underlying these facts. Business men can profit themselves by taking these principles and, by a reverse process, by deduction, are able to test and apply them.

The necessity for economic study, declares Mr. Vanderlip, "is not academic, but most practical and most intimately and immediately related to our welfare and our lives."

Take the problems of war prices. In the quixotic age in which we live, what subject is fraught with more puzzling and seemingly contradictory truths? In this issue of THE NATION'S BUSINESS Professor B. M. Anderson, Jr., one of a large number of economists whose counsel has lately been sought by leaders of large responsibility, contributes a discussion of this important topic. His paper, however, is but the first chapter of the Bible of Business Economic Principles. We offer it, believing it will find a welcome which will warrant us in presenting others.

#### Who's What in Washington

WHEN you come to Washington to find the man who can tell you what you want to know, go to the Service Bureau of the Committee on Public Information, at 15th and G Streets N. W., and get his name right off the bat.

"Information available," says a recent announcement in the *Official Bulletin*, "as to officials, function, and location of all government departments."

No more searching for the proverbial needle in the haystack. No more paying Washington hotel bills a week to find someone whose swivel chair oscillates within five minutes' walk of your hotel.

#### Trade Acceptance

THE Irving National Bank has issued a pamphlet of Practical Questions and Answers on the Trade Acceptance Method, which covers the points upon which the best authorities of the country are in substantial agreement.

#### Non-Partisan League Investigation

PLANS are announced by the Chamber of Commerce of the United States for the investigation of charges by officials of the National Non-Partisan League that "Big Business" has taken unjust advantage of agricultural interests in the states in which the league has been established.

To insure an impartial inquiry—an inquiry designed solely to obtain the facts—the Chamber is placing practical farmers on the committee to make the investigation. This committee will be charged with seeking the truth, and the facts disclosed are to be made public.



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# THE ROAD TO BERLIN BEGINS IN AMERICA

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**A**S a truck manufacturer, in nation-wide contact with all phases of motor truck transportation, this company sees a grave menace to the American public through the lack of well-constructed roads.

With the industrial machinery of America harnessed for war and depending upon motor trucks for a constant flow of materials, the failure to maintain existing roads, or to build them of lasting construction, delaying the movement of war supplies, is a national peril equivalent to giving aid to the enemy.

War's ramifications reach every city and hamlet. The "peace road" of today may become a "war road" tomorrow. After the war it again becomes a "peace road" whose strength must be equal to a tremendous highway traffic. It is imperative, therefore, that we build permanent roads capable of standing heavy traffic and they must be built from state line to state line to connect all centers of production and population.

## Railroads Cannot Carry the Load

War has added enormously to peace traffic. Highways must relieve the railroads and highways *cannot* unless they are built to endure heavy trucking.

Last winter, more factories would have shut down for lack of coal, large cities would have suffered from food famine, and war exports would have been retarded, if motor

trucks had not been able to operate from country to city, from inland to seaboard. But, *all* of this assistance was *limited* by the scarcity of good roads.

## No Use to Produce Unless You Can Transport

The transport arteries of the nation *must* be kept open. That is a war essential. The 400,000 motor trucks in this country will not suffice unless each renders the utmost service. Trucks must run faster; carry heavier loads and, wherever possible, return loads. They must consume less fuel; they must use fewer men; *they must keep going*—performances which are *limited* by road conditions.

## "Work or Fight"

This applies to machinery even more than it does to men, because machinery multiplies men. A wide expansion of truck service on our highways would release armies of men who could be better employed.

Permanent Roads, not temporary repairs, are needed. We have two million miles of road and only one percent of them are permanently improved. Think of it!

As far as money, men and material can be had, road construction should proceed at top speed. What is done this summer will help to feed our people next winter and *keep industry going*.

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